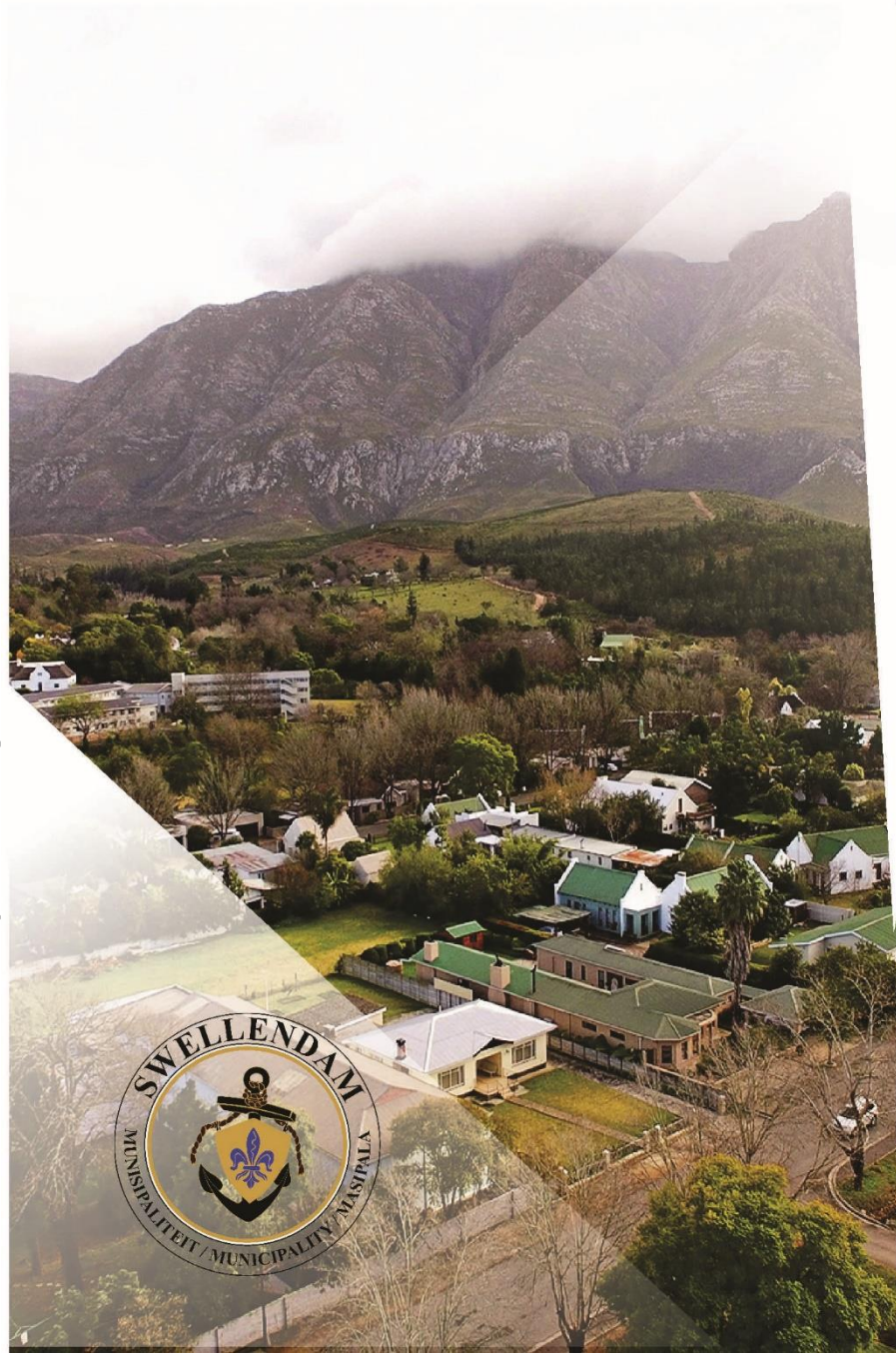


Swellendam Municipality

Annual Report

2017/18



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MAYOR'S MESSAGE

Acutely aware of the responsibilities conferred on us by the electorate, I hereby, with this Annual Report, wish to provide the general public with an accurate overview of Swellendam Municipality's performance for the 2017/18 financial year.

The format and content of the Annual Report is largely prescribed by Section 46 of the Local Government: Municipal Systems Act (Act 32 of 2000) (MSA) and Sections 121 and 127(2) of the Local Government: Municipal Finance Management Act (Act 56 of 2003) (MFMA). The above legislation compels the Municipality to prepare an Annual Report for each financial year, and the Executive Mayor to table such report in Council.

The 2017/18 financial year marked this administration's third year in office. It saw the Municipality accelerate its efforts in implementing the overarching strategic focus areas (SFAs) of the Integrated Development Plan (IDP), Budget and the Service Delivery and Budget Implementation Plan (SDBIP) – our blueprints. These SFAs have been developed into a clear programme of action, which has seen the Municipality deliver on a range of initiatives, all aimed at improving the living conditions of all our residents. We have worked hard to further ensure that these SFAs and their related objectives are aligned with the strategic intent of the Western Cape Provincial Government ('Province') as well as National Government's National Development Plan (NDP).

The report typically deals with the Municipality's achievements in the year under review and, in so doing hopefully assists in identifying our successes, failures, and challenges. This report is therefore intended to attest to the combined efforts of the administrative and political arms of the Municipality to address gradually the fair and realistic expectations of our residents. Whilst varied challenges still confront our Municipality, we have made strides in delivering on the main objectives of the Municipality. Some of these challenges include an increasing demand for an ever-larger basket of services against the backdrop of expanding levels of unemployment and poverty.

Nevertheless, Swellendam Municipality has continued to illustrate its commitment to high administrative and governance standards which is not possible without competent and focused leadership at the apex of the organization.

Much time and resources have been expended on developing, refining and converting our strategic focus areas into action, all aimed at providing the Municipality with a solid foundation for the future.

In doing so the Municipality is poised to introduce a range of initiatives that will include a bulk contribution policy, a series of land releases in the industrial area, residential land in Railton and Swellendam, released for the proposed development of additional group housing, land release for commercial development, and potential municipal investment in a new municipal library and a new municipal head office. In addition, a new process to reposition tourism and events has been launched with the aim to getting Swellendam repositioned as an ideal weekend getaway.

I am particularly proud of the fact that the Municipality, in addition to focused service delivery, continues to prioritize the needs of the poor and the vulnerable. This is attained by targeted allocation of the budget to indigent relief in the form of free basic services and rates rebates, as well as through direct service delivery to the poor. To provide further relief to vulnerable citizens, we have also invested heavily in service delivery in informal settlements. We have also continued



to make the necessary investments in critical infrastructure to boost economic growth and to improve the living conditions of previously disadvantaged communities. This is further evidence of our commitment to service excellence and increased opportunities for all our residents.

We have also adopted forward-looking economic growth and social development strategies that are structured to complement one another and to reposition the Municipality's approach to its long-term sustainability as an organization. In so doing, the Municipality is poised to introduce a range of incentives that will help attract investment and drive inclusive economic growth and development as part of our broader plans.

These accomplishments are the result of the combined efforts of all involved, many of whom go the extra mile to ensure that we deliver on the service expectations of our residents. I extend my heartfelt gratitude to the Municipal Manager and his team, my fellow-councillors and members of the public who share our vision of striving towards prosperity for all through co-operative participation and high-quality service delivery. This vision requires total commitment to collaboration and partnership, and I am happy to say that the past year has been characterized by close working relationships and a mutual commitment from most stakeholders.

Development, progress, and co-operation are not once-off occurrences, but rather a series of events which require multiple resources and effective leadership. I remain committed to working closely with my Mayoral Committee, with Council as a whole, and of course the entire Municipal Administration in turning our vision into a practical reality. We are positive that the future of Swellendam Municipality has been placed on a solid footing during the past five years or so, and that its financial viability has been restored in the interests of long-term service excellence for all.

NICHOLAS MYBURGH

EXECUTIVE MAYOR



MUNICIPAL MANAGER OVERVIEW

This Annual Report, together with a forth clean audit in a row, is a true testament to what is possible in local government through consistent hard work, critical application of resources and sheer determination. In presenting this Annual Report 2017/18, we contend that Swellendam Municipality continues to strive towards delivering services for all for all its communities, despite a limited resource envelope.

We contend that our financial records, procedures, processes and internal controls are, in the opinion of the Auditor-General, compliant with the highest audit standards which has resulted in a clean audit outcome. The 2017/18 year saw the end of the contract of the former Municipal Manager on 17 August 2017 and the new Municipal Manager being appointed on 1 November 2017. The CFO has acted as the Municipal Manager during this transition. The community of Swellendam can therefore be assured that the administration is managing its resources responsibly and are rendering basic services as effectively as possible.

The capital budget performance for this financial year compares favourably with that of last year. The capital budget spending for the financial year yielded a result of 80.40% when compared with the Final Adjustments Budget for 2017/18. It is important to note that a single transaction of R4,446 million between the Swellendam Municipality and Transnet is the primary reason why a target of above 95% was not achieved. The financial performance of the organisation also yielded excellent results as the actual operating revenue and expenditure yielded results of 102.58% and 97.54% respectively when compared with the Final Adjustments Budget for 2017/18. All of these figures are an improvement over the 2016/17 financial year. The revenue collection is particularly a success in light of the difficult economic circumstances. Every expectation is that this trend will continue.

Various key service delivery improvements were achieved during the year under review. The strategic direction embarked on at the beginning of the term of office of the current leadership sought to focus on improved performance in the capital budget, timeous delivery of bulk infrastructure and a continuous pipeline of housing delivery for those on the housing waiting list.

Infrastructure maintenance, upgrading and development remain the key in the development and growth of every municipality. The Municipality continues to invest in infrastructure to create opportunities and provide services for all our residents. The major infrastructure projects in the Capital Budget were: (a) Suurbraak Bulk Water Scheme Phase 1 (first portion); (b) Phase 1 of Barrydale Bulk Water System; (c) Phase 2 of Railton gravel roads and stormwater channels and upgrade of electricity to Railton.

In 2017/18, a number of functions are under-resourced and no budgets are available for economic development. The LED Officer post remains vacant, as well as the Manager Development Services in the Office of the Municipal Manager. Both of these posts play a critical role in the interface between business, industry, agriculture and the Municipality. The tourism service level agreement with the Swellendam Tourism Organization came to an end on 30 June 2018. In May 2018, a report to Council provided a way forward for new market research to be conducted, to provide the basis for a new strategy and the proposal for a structure or entity to deliver on a new 5-year plan.

The proposed Draft Swellendam Growth and Development Strategy will focus on providing direction of the key areas of the municipal mandate which relates to driving and delivering on growth. The draft Growth and Development Strategy identifies that the delivery of the key trading services of water, sanitation, electricity and refuse collection along with property rates remain the biggest source of income that needs to be protected. The greatest threat to the Municipality's financial suitability remains the influx of work seeking individuals, the growth of the indigent and poor registry, and the increase in the subsidization of the poorest households with services. The only mechanism to redress this challenges is to increase the growth of the middle to high income households in proportion to the low income and RDP housing growth rates, increase investment in commercial and retail properties and the growth and expansion of the industrial areas, residential land in Swellendam and Railton, commercial release land as well as build a new Main Library and a new Head Office.

This strategy will focus on key economic development sectors which primarily focus on municipal planning and land release, tourism and events, support to agriculture and related activities with the view to facilitating job creation and investment

While skills development and training are not a local mandate the Swellendam Municipality has provided and continues to provide skills training through various programs. In addition, the Council approved a new tourism way forward in May 2018 with a view to crafting a new strategy. Destinate was appointed to conduct local and international research, propose key ideas for a new strategy and then finally propose a structure that can deliver on the key outcomes of the new strategy. This new and exciting process will reach finality in the 2018/19 financial year.

These include internships in Finance, Internal Audit and Human Resources. We provide learnerships for environmental practitioners, water process controllers and several other services. In this manner 188 learning, mentoring and interning opportunities are created. All of these are done with funding from (LGSETA) and other state sponsored programs. In addition to the training and skills opportunities, the Swellendam Municipality coordinates more than 300 Extended Public Works Programme (EPWP) opportunities. This provides much needed relief to households registered on the indigent register. The housing pipeline in Swellendam has successfully delivered more than 1 500 housing opportunities for the next 3 years. The two housing development opportunities are concentrated in Suurbraak and Railton.

The spatial interface between Railton and Swellendam is located on the Transnet land. The Transnet land has been identified and an offer has been tabled for the acquisition. A housing project for Railton for the development of 950 housing opportunities have been identified; 1) the title deed restoration project addresses the backlog in the registration of title deeds; 2) Planning for Barrydale infill housing project estimated 87 housing opportunities; as well as 3) the Buffeljagsrivier FLISP housing project at an estimated 34 housing opportunities. The key challenges in this delivery process remains the slow approval processes as a result of planning legislation, the slow processes in the allocation of MIG funding for upgrading of bulk services, the inadequate allocation of MIG funding for the bulk infrastructure, the administrative load this place on the Municipality to deliver the housing opportunity. The largest challenge remains the daily expectation that housing will be supplied to all who are on the housing waiting list. Swellendam Municipality has a waiting list of more than 3 500 persons. The reality is that the 1 500 units allocated now will be the biggest allocation for

at least the next 5 years. In addition, the Swellendam Municipality Housing Policy ranks, the elderly and disabled in order of priority above those located in informal settlements.

35 Informal houses were electrified in 2017/18 with the Suurbraak housing project, compared to 107 in the Railton area in 2016/17. Informal settlements and its growth still continue to pose major challenges. Temporary infrastructure provided to informal settlements are being vandalized and the costs of maintenance is disproportionate given that the facilities are provided free. It is clear, that the Municipality and its housing partners need to completely rethink how they address the challenges of informal settlements and the provision of new housing opportunities.

During this financial year 6 429 households were provided with free basic water, 1 811 households received free sanitation and 1,811 households received free refuse removal services, 6,404 households were provided with free basic electricity. The households which were actually provided with free basic services far exceed the targets set by the organisation, which means that more people could benefit from this grant.

Since taking office in November 2017, I have worked to establish some new norms and standards and have recommitted the organisation to more citizen centric service delivery. Being outcomes and impact driven means of necessity doing less with greater focus on that which is our constitutional mandate. This report will show some successes, some failures, a host of challenges and hopefully an indication that we are committed to finding sustainable solutions for the town. Our hope is that we can rely on the continued support and commitment of our residents, businesses, visitors, tourists, farmers and the community and other stakeholders at large to continue forge a partnership that results in the improvement of the quality of the lives of all our residents.

ANTON GROENEWALD

MUNICIPAL MANAGER



CHAPTER 1

EXECUTIVE SUMMARY

1.1 MUNICIPAL OVERVIEW

This report addresses the performance of the Swellendam Municipality in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the council of the municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.

The 2017/18 Annual Report reflects on the performance of the Swellendam Municipality for the period 1 July 2017 to 30 June 2018. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an Annual Report for each financial year.

1.1.1 Vision and Mission

The Swellendam Municipality committed itself to the following vision and mission:

Vision:

“A visionary Municipality that strives towards prosperity for all through cooperative participation and high-quality service delivery”

Mission:

It is envisaged that the municipal vision will be achieved through:

- *Providing a transparent and accountable government by rendering affordable and sustainable services and encouraging economic and social development through community participation*
 - *Transparent institutional and infrastructure development*
- *Sustainable local economic development and the establishment of public/private partnerships*
 - *Governance for the people by the people*
 - *Service delivery through integrity*

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1.2.1 Population

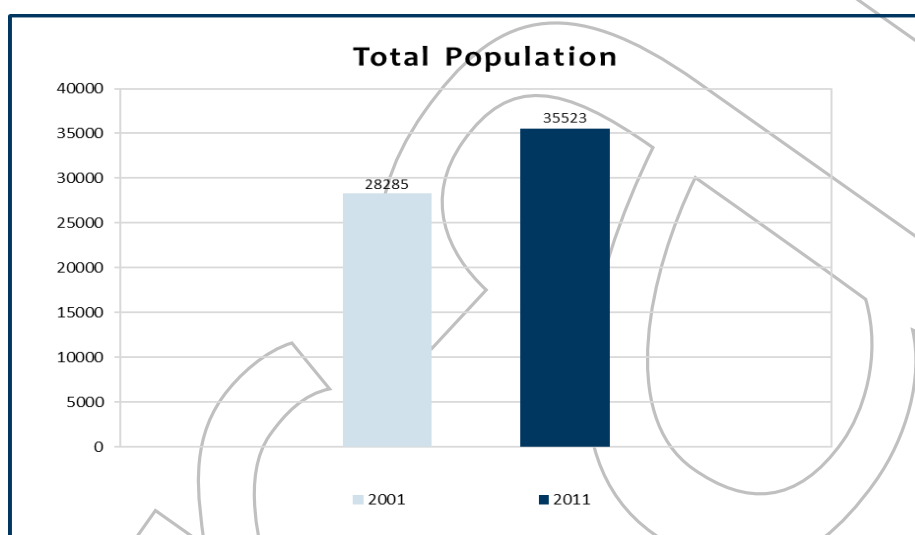
a) Total Population

The graph below indicates the total population within the municipal area:

Population	2001	2011
	28 285	35 523

Source: Stats SA Census, 2001 & 2011

Table:1 Population



Graph 1: Population

b) Population Profile

The table below indicates the population per age group.

Age	2001			2011		
	Male	Female	Total	Male	Female	Total
Age: 0-9	2 866	2 726	5 592	3 157	3 113	6 270
Age: 10-14	1 383	1 373	2 756	1 567	1 555	3 122
Age: 15-19	1 233	1 251	2 483	1 569	1 477	3 046
Age: 20-24	1 061	1 016	2 077	1 582	1 477	3 059
Age: 25-29	1 210	1 201	2 411	1 465	1 486	2 951
Age: 30-34	1 158	1 194	2 352	1 302	1 172	2 474

Age	2001			2011		
	Male	Female	Total	Male	Female	Total
Age: 35-39	1 169	1 125	2 294	1 243	1 330	2 573
Age: 40- 44	949	980	1 929	1 215	1 239	2 454
Age: 45-49	748	753	1 501	1 219	1 257	2 476
Age: 50-54	615	631	1 246	980	1 017	1 997
Age: 55-59	473	499	972	817	763	1 580
Age: 60-64	406	437	843	630	664	1 295
Age: 65-69	340	361	701	437	513	950

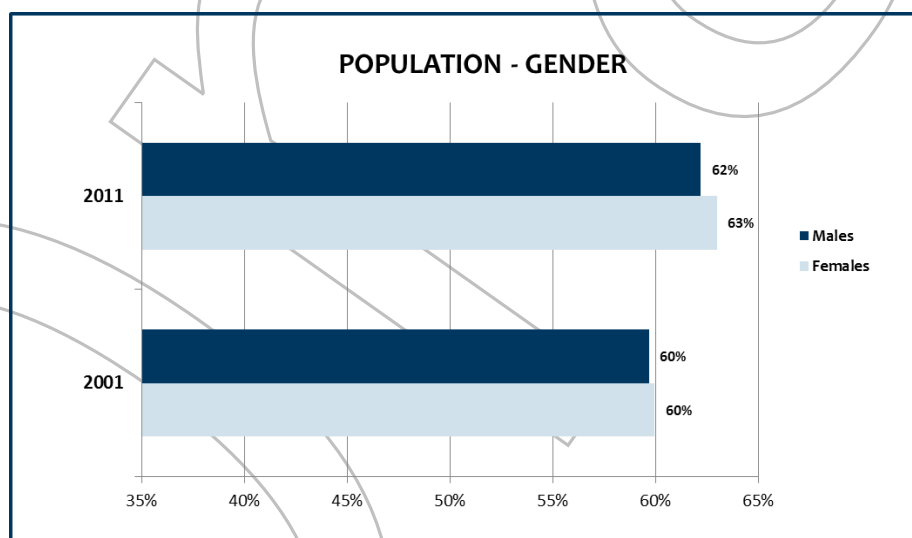
Source: Stats SA Census, 2001 & 2011

Table:2 Population Profile

Population - Racial	2001			2011		
	Male	Female	Total	Male	Female	Total
African	1 442	1 117	2 559	2 550	1 904	4 454
Coloured	10 119	10 249	20 368	12 027	12 689	24 716
Indian	28	31	59	65	48	113
White	2 522	2 777	5 299	3 008	3 232	6 240
Total	14 111	14 174	28 285	17 650	17 873	35 523

Source: Stats SA Census, 2001 & 2011

Table:3 Population Gender



Graph 2: Population Gender

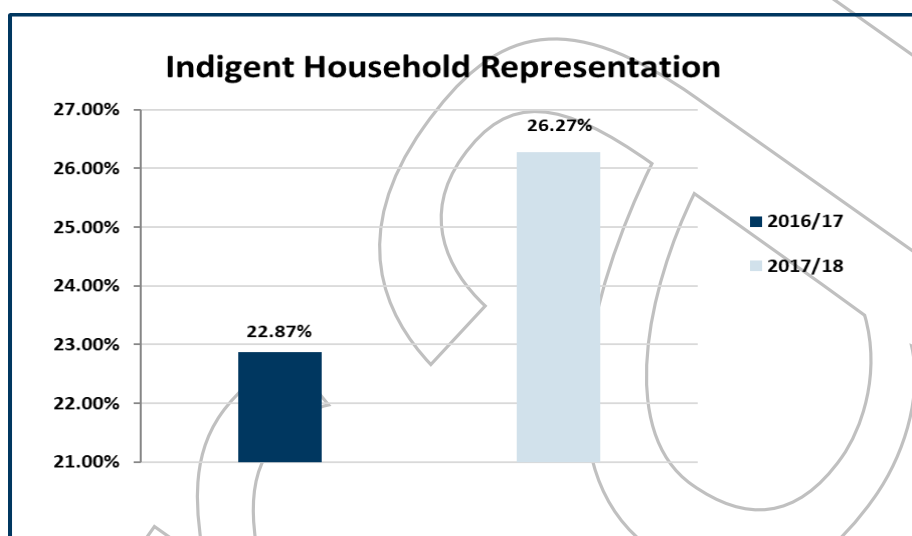
1.2.2 Households

The total number of indigent households within the municipal area increased from 1 786 households in the 2016/17 financial year to a total of 1 811 households in the 2017/18 financial year.

The table below indicates an increase of 25 in the total number of indigent households within the municipal area between the two years.

Households	2016/17	2017/18
Number of households in municipal area	7 810	6 894
Number of indigent households in municipal area	1 786	1 811

Table:4 Total Number of Households



Graph 3: Indigent Households

1.2.3 Demographic Information

Municipal Geographical Information

The Swellendam Municipality has been classified as a Category B municipality and was proclaimed as a local municipality with a mayoral executive system combined with a ward participatory system. The Swellendam Municipality is deemed to be a low capacity municipality, and shares executive and legislative authority with the Overberg District Municipality. The municipal area is demarcated into five wards.

Swellendam, which is situated in the Overberg District, is well known for its location at the foot of the Langeberg mountain range and is seen as the gateway between the Overberg and the Eden Districts. The Swellendam Municipal area is the second largest municipal area in the Overberg region and covers a geographical area of 3 835 km². The greater Swellendam Municipal area comprises of the town of Swellendam and the villages of Barrydale, Suurbraak, Malagas, Buffeljagsrivier, Wydgeleë (Ouplaas), Akkerboom (Op de Tradouw), Infanta and Stormsvlei. Swellendam is linked with other urban and rural areas mainly through the N2 National Road. The area is also served with the main railway line which links Cape Town with the Garden Route. The R324 links Swellendam with Barrydale through the well-known Tradouw Pass. The R62, a road which has now also become a well-known tourist route, links Barrydale with Montagu and Oudtshoorn.

The R60 links Swellendam with towns like Ashton, Montagu and Robertson and forms an important link between the N1 and N2 tourism routes. The towns of Swellendam and Suurbraak have a rich historical and cultural heritage. In Swellendam many old buildings dating back to the 18th century can be found. Suurbraak is an old mission station near the foot of the Tradouw Pass and its origin dates back to 1812. The climate for the Swellendam area is warm during the summers with summer rains and very wet winters. Rainfall is spread over the year and ranges between 55% in winter and 45% in summer.

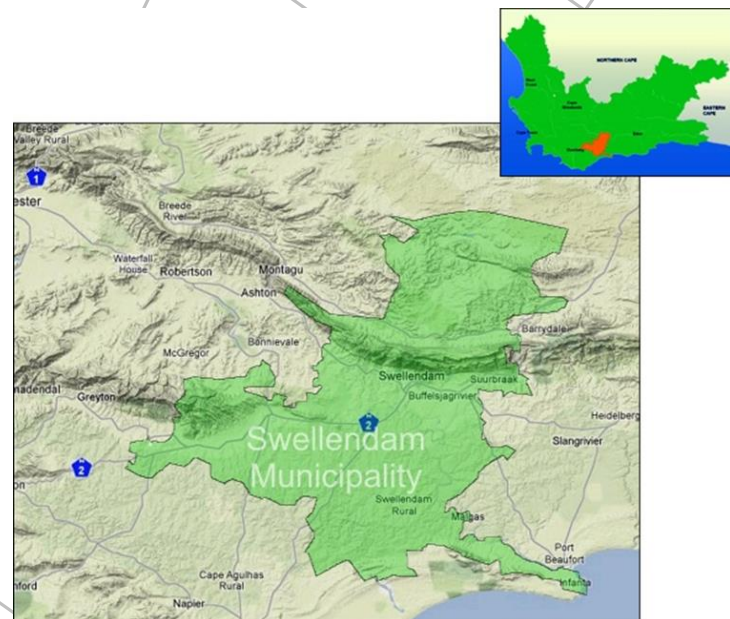


Figure 1: Swellendam Area Map

Wards

The Municipality was structured into the following 7 Wards:

Ward	Areas
1	Swellendam and rural areas of Stormvlei and Nooitgedacht
2	Barrydale, Smitsville, part of Suurbraak, Vleiplaas and surrounding rural areas
3	Buffeljagsrivier, the largest part of Suurbraak, Mullersrus and Malagas/Infanta
4	Part of town of Swellendam and part of Railton
5	Part of town of Swellendam and part of Railton
6	Part of Railton and Rural area

Table:5 Municipal Wards

Towns

Swellendam



Early travellers and explorers who visited the Cape in the 1500's traded with the Khoi-khoi people who lived on these shores. When the Dutch East India Company established a replenishment station at the Cape in 1652, trade continued inland as far as Swellendam.

In 1743 Swellendam was declared a magisterial district, the third oldest in South Africa, and was named after Governor Hendrik Swellengrebel and his wife, Helena Ten Damme.

This outlying settlement soon became a gateway to the interior, and was visited by many famous explorers and travellers including Le Vaillant (1781), Lady Anne Barnard (1798), Burchell (1815) and Bowler (1860). In time, a village was established opposite the Drostdy, where artisans including numerous wainwrights and traders settled. To travellers and explorers, the services

of the village folk were indispensable, as Swellendam was the last outpost of civilization on the eastern frontier.

By 1795 maladministration and inadequacies of the Dutch East India Company caused the long-suffering burghers of Swellendam to revolt. In 1795 they declared themselves a Republic, but this was short-lived due to the occupation of the Cape by the British. With the arrival of British settlers in the early 1800's the Overberg boomed, and its capital, Swellendam, was soon the heart of the famous mercantile empire of Barry and Nephews, created by Joseph Barry.

By the middle of the 19th century, the eastern districts had been colonized by the British settlers and Swellendam was a thriving metropolis. The town served as a useful refreshment station on the long, slow journey up the coast.



Today Swellendam is a flourishing agricultural area, and has many attractive and historic buildings which serve as a reminder of its exciting past.

The first known sketch of Swellendam was of the Drostdy, by Johannes Schumacher in 1776, when he accompanied the son of Governor Swellengrebel to the town. Today the Drostdy forms part of a museum complex that consists of several heritage sites.

Buffelsjagsrivier



Buffelsjagsrivier is situated in the Western Cape, South Africa. It is a small town but it is quiet and charming and a great way to get away from the busy city lifestyle. The mountains are magnificent and add character and offer spectacular scenic views.

Suurbraak



The dappled shadows cast from the Langeberg Mountains bathe the tiny village of Suurbraak, sheltered by the giant oaks, while the Buffeljagts River flows

gently beside it. This beautifully situated village, formerly called Zuurbraak, is at the foot of the Langeberg mountains, on the southern end of the Tradouw Pass about 5km away. Only 19km east of Swellendam and only 10km off the N2.

Zuurbraak means 'sour brake', or the thicket racket ferns that still grow plentifully in the wetland area or Xairu, meaning heavenly place or paradise. The first inhabitants of the area were the Attaqua tribe of the Quena people, and the town today lies on their ancient trade routes. The kraals (settlements) of these trading people possessed such natural beauty that they called it Xairu, meaning 'beautiful'. The earliest Dutch cattle traders translated the name as 'paradise'.

Suurbraak was established as a mission station in 1812 by the London Mission Society and later in 1875 taken over by the 'Algemene Sending Kerk'. The original church, parsonage and school date back to 1828 and the cluster of cottages, which line either side of the road, was constructed in 1883.

Barrydale

The region was referred to as Kannaland on a map produced in 1843, this name being derived from the genus, Kanna. This area has a higher rainfall than the Karoo, which gave rise to permanent populations of Quena or Hottentot people of the Attaqua tribe in the low-lying floor of the valley and to the Bushmen / Khoisan, who inhabited the mountains.

The Attaqua had a path, parts of which are still visible today, through the Langeberg, which followed the deep, and steep, ravine known as the Tradouw Poort. Tradouw is a Hottentot word meaning "the women's poort or footpath". The Attaqua had kraals on "the other side" of the mountains, round the village now known as suurbraak, known by them as Xairu, meaning beautiful.

Early visitors were Isaac Schrijver and his party, who were sent to this area in 1689 by Simon van der Stel and Lady Anne Barnard, who travelled in the Overberg and Little Karoo in 1798.



After 1700 the settlers attracted to the remote corners of the Overberg, began searching for new land to farm. It began searching for new land to farm. It had to have an ample supply of water and the soil had to be fertile. The area around Barrydale was particularly desirable.

The pathways and tracks through Tradouw Poort proved too steep for them to be turned into wagon routes and the journey via Cogman's Kloof was both tedious and time consuming for those wishing to sell their produce in Swellendam. In 1867 plans were made for the construction of a road, to be built by convicts, through the Langeberg linking Swellendam and what is now the village of Barrydale.

In time the farmers who settled on the lands in the valley at the top of the Tradouw Pass decided they wanted their own church and the chosen spot was at the point where the R62 and R324 meet. Thus, the village owes its existence to both a church and crossroads.

In 1878 land was purchased from the Collier brothers and the Dutch Reformed Community of Barrydale came into being on 8 September 1880, prior to which it had been under the jurisdiction of Swellendam.

The village was named after James Barry, an early settler in the Overberg, who was not only a trader but acted as lawyer, agent and auctioneer, deputy sheriff and commandant of militia. He became a member of the legislative Council when representative government was granted to the Cape in 1854.

In the early days of Barrydale there was a little in the village apart from nagmaal houses used by the farmers coming to the village to attend church. However, there was a school.

After the collapse of the "Barrydale Empire", William Sterner, who arrived as a "smous", became Barrydale's financial success story owning the general dealer shop, the hotel, the draper's, the shoemaker's and the gunsmith's. Barrydale grew over the years and by 1921 the Municipality was established. The Barrydale Koöperative Wynkelder was formed in 1940 and distillery set up. The farmers were encouraged to plant vineyards and orchards, growing fruit for canning and export.



Barrydale, like all little Little Karoo villages, has known times of hardship and prosperity. Today as a centre of a prosperous farming district, it enjoys perfect year-round weather and its wonderful scenic setting attracts a steadily growing number of visitors.

1.3 SERVICE DELIVERY OVERVIEW

1.3.1 Basic Service Delivery Highlights

The table below specifies the basic service delivery highlights for the year:

Highlights	Description
Upgrade of the raw water supply channel in Barrydale	Upgrade of the raw water supply channel in Barrydale included the rehabilitation of the existing raw water channel, installation of a split box and the upgrade of the weir at the Donkergat primary water source
Upgrade of 2 holding reservoirs Barrydale Water Treatment Works (WTW)	Upgrade of 2 holding reservoirs Barrydale WTW included the rehabilitation of existing holding reservoirs, upgrade of the water supply to the WTW and the construction of new ablution facilities
Upgrade of the Barrydale reticulation system	Upgrade 200m of water distribution network
Upgrade of the Suurbrak pump station	Upgrade on the motors and electrical supply of two raw water pumps were completed
Upgrade of Railton booster pump station	Upgrade on the motors and electrical supply of two booster water pumps were completed
Water supply and pressure demand in the Pressure Management System (PRV) distribution zone in Swellendam	Installation of an additional 240m primary water main from Bakenskap Reservoir was completed, as well as an additional air valve system. The existing air and pressure reducing valves were also upgraded
Installation of new sewer pump in Smitsville, Barrydale	A submersible sewerage pump was installed at the Smitsville sewerage pump station to assist with sewerage inflow and to create additional capacity
Upgrade of the silo pump station, Koorland Street, Swellendam	A dry well sewerage pump has been installed at the Koorland Street sewerage pump station to assist with sewerage inflow and to create additional capacity
Sewerage reticulation: Shand Street, Swellendam	Rehabilitate and replace collapsed pitch fibre sewerage main
Upgrade of the Bethel sub-station	Upgrade of Bethel sub-station protection relays and installation of a new feeder cable to the Railton switching station
Reduction in electrical losses	A consistent decrease in electrical losses over the past 3-year consecutive financial years
Improved compliance rating	The Municipality achieved a 15% higher compliance rating in 2017/18 compared to the previous year, holding an amber status. The Department acknowledged efforts that were made and congratulated the Municipality
Environmental Protection and Infrastructure Programs (EPIP)	The Municipality successfully completed an EPIP project to the value of R7 million at the Bontebok Waste Disposal Facility (WDF) in Swellendam. The project included a new perimeter fence, ablution and office facilities, stormwater drainage, paved entrance, access control check point, tool shed and electrical, sewerage and water distribution
Recovering/diverting waste	The Municipality, with the aid of an external service provider, recycles 100% of incoming waste, diverting at least 35% from the WDF. This action will ensure air space for a longer period

Table:6 Basic Service Delivery Highlights

1.3.2 Basic Service Delivery Challenges

The table below specifies the basic service delivery challenges for the year:

Challenge	Actions to address
Aging distribution networks	Budgetary provision must be made and external funding sources must be investigated
Lack of regular pump, mechanical and electrical maintenance	The appointment of an external service provider must be investigated
Aging raw water supply pumps in Barrydale and Swellendam	Budgetary provision must be made and external funding sources must be investigated
Sourcing of future raw water supply	Additional or alternative raw water supply must be investigated
Insufficient capacity for the storage of potable water in Suurbraak reservoirs	Funding must be sourced for the upgrade of reservoirs to increase the storage capacity
A lack of a waterborne sewerage system in the older town of Barrydale	Applications must be submitted to Municipal Infrastructure Grant (MIG) in order to obtain funding
Ageing sewerage suction vehicles	Budgetary provision for the replacement of vehicles
Upgrade of the Suurbraak Waste Water Treatment Works (WWTW)	Applications must be submitted to MIG in order to obtain funding
Ageing electrical infrastructure	Budgetary provision must be made and additional funding sourced to replace ageing infrastructure
Upgrade of the notified maximum demand (NMD)	Funding must be secured to upgrade from a 10.5 Mega Volt Ampere (MVA) transformer to a 12.5 MVA transformer to cater for the housing pipeline project in Swellendam
Insufficient streetlights	Budgetary provision must be made for the upgrade of streetlights to meet the adequate general lighting (lux) levels
Available air space	Investigate additional/alternative dumping facilities or regional facilities
Community participation regarding recycling	Establish a two-bag recycling system

Table:7 Basic Services Delivery Challenges

1.3.3 Proportion of Households with Access to Basic Services

The table below indicates the proportion of households with access to basic services:

KPA & Indicator	Municipal Achievement	
	2016/17	2017/18
Water - available within 200 m from dwelling	6 196	6 429
Sanitation - Households with at least VIP service	6 429	6 001
Electricity service connections	6 083	6 404
Waste collection - kerbside collection once a week	6 139	6 054

Table:8 Households with Minimum Level of Basic Services

1.4 FINANCIAL HEALTH OVERVIEW

1.4.1 Financial Viability Highlights

The table below specifies the financial viability highlights for the year:

Highlights	Description
Clean audit	Received forth clean audit in 2017/18
Payment percentage	The fifth year the payment percentage exceed 99%
Cashflow	Improvement of the cashflow situation of the Council
Development of standard operating procedures (SOP's)	SOP's have been developed to improve procedures and to enhance service delivery
Internal control	Continuous improvement of internal controls
Revision of Supply Chain Management (SCM) delegations	SCM delegations have been reviewed to reduce red tape
Supplier performance	Improved reporting and monitoring of supplier performance

Table:9 Financial Viability Highlights

1.4.2 Financial Viability Challenges

The table below specifies the financial viability challenges for the year:

Challenges	Action to address
Lack of procurement planning	Improve planning and sourcing strategies to ensure that goods and services are delivered as required
Decentralised procurement	Procurement must be centralised
Contract management and administration	Contracts should be monitored, expenditure on contracts should reported, unfair amendments or variations must be avoided and contract administration improved
Reporting	Improve reporting by generating more reliable data

Table:10 Financial Viability Challenges

1.4.3 National Key Performance Indicators – Municipal Financial Viability and Management (Ratios)

The following table indicates the Municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the Municipal Systems Act (MSA) (Act 32 of 2000). These key performance indicators are linked to the National Key Performance Area namely Municipal Financial Viability and Management.

KPA & Indicator	2016/17	2017/18
Debt coverage ((Total operating revenue-operating grants received): debt service payments due within the year)	5.03	5.39
Service debtors to revenue – (Total outstanding service debtors/revenue received for services)	0.24	0.20

KPA & Indicator	2016/17	2017/18
Cost coverage ((Available cash+ investments)/Monthly fixed operating expenditure)	3.42	3.31

Table:11 National KPI's for Financial Viability and Management

1.4.4 Financial Overview

The table below indicates the financial overview for the year:

Details	Original budget	Adjustment Budget	Actual
	R'000		
Income			
Grants	52 074	62 891	57 778
Taxes, Levies and tariffs	139 912	139 776	139 839
Other	39 344	38 770	48 976
Sub Total	231 330	241 437	246 593
Less Expenditure	232 429	243 592	237 279
Net surplus/(deficit)	(1 099)	(2 155)	9 314

Table:12 Financial Overview

1.4.5 Total Capital Expenditure

The table below indicates the total capital expenditure for the year:

Detail	2016/17	2017/18
	R'000	
Original Budget	20 316	18 810
Adjustment Budget	20 579	23 773
Actual	14 790	19 140
% Spent	72%	81%

Table:13 Total Capital Expenditure

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

1.5.1 Municipal Transformation and Organisational Development Highlights

The table below indicates the municipal transformation and organisational development highlights for the year:

Highlights	Description
Legislative and administrative authority	Council and its committees meet as prescribed. Council continues to make, review and administer by-laws for the effective administration of the functions assigned to it
Ward committees	All ward committees (6) are functional and enhance participatory democracy
Municipal Public Accounts Committee (MPAC) functionality	The non-functionality of the MPAC was successfully addressed when a new chairperson was appointed on 28 September 2017 and the Committee has duly considered the Oversight Report of the 2016/17 Annual Report before its submission to Council
Fibre internet	New fibre internet lines were installed by Telkom and Neotel
Telephone system	Telkom installed a new telephone system to reduce costs
Networks	New networks switches and equipment were installed

Table:14 Municipal Transformation and Organisational Development Highlights

1.5.2 Municipal Transformation and Organisational Development Challenges

The table below indicates the municipal transformation and organisational development challenges for the year:

Description	Actions to address
Municipal Standard Chart of Accountants (mSCOA)	Transition to mSCOA on the financial system
Collaborator	Upgrade of collaborator server
Esri	Upgrade of Esri server
Networks	Ongoing upgrade of network infrastructure

Table:15 Municipal Transformation and Organisational Development Challenges

1.6 AUDITOR-GENERAL REPORT

1.6.1 Audited Outcomes

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence. In short, the Auditor-General checks the spending of public money by looking at whether it has been used ideally and for the purposes intended. This is done by annually checking all government spending. In turn, this can be described as an audit.

The Auditor-General's annual audit examines 3 areas:

- Fair presentation and absence of significant misstatements in financial statements
- Reliable and credible performance information for predetermined objectives
- Compliance with all laws and regulations governing financial matters.

There can be 5 different outcomes to an audit, once the municipality has submitted their financial statements to the Auditor-General, which can be simply defined as follow:

- **A clean audit:** The financial statements are free from material misstatements and there are no material findings on reporting on predetermined objectives or non-compliance with legislation.
- **Unqualified audit with findings:** The financial statements contain material misstatements. Unless they express a clean audit outcome, findings have been raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects.
- **Qualified audit opinion:** The financial statements contain material misstatements in specific amounts, or insufficient evidences for them to conclude that specific amounts included in the financial statements are not materially misstated.
- **Adverse Audit Opinion:** The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements.
- **Disclaimer of Audit opinion:** The auditee provided insufficient evidence in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts or represents a substantial portion of the information contained in the financial statements.

The table below indicates the audit opinion received for the past four financial years:

Year	2014/15	2015/16	2016/17	2017/18
Opinion received	Unqualified with no findings/ Clean Audit	Unqualified with no findings/ Clean Audit	Unqualified with no findings/ Clean Audit	Unqualified with no findings/ Clean Audit

Table:16 Opinion Received

1.7 2017/18 IDP/BUDGET PROCESS

The table below provides details of the 2017/18 IDP/Budget process:

No.	Activity	Responsible person	Date
Pre-budgeting processes/tasks			
Item number A166.	Integrated Development Plan (IDP) and Process Plan	Municipal Manager	17 August 2016
Community participation process			
Ward 1, Swellendam	IDP public inputs	Municipal Manager	27 October 2016 5 April 2017
Ward 2, Barrydale	IDP public inputs	Municipal Manager	24 October 2016 06 April 2017
Ward 3, Infanta / Malagas	IDP public inputs	Municipal Manager	3 November 2016 25 November 2017
Ward 3, Buffeljagsrivier	IDP public inputs	Municipal Manager	25 October 2016 11 October 2017
Ward 3, Suurbraak	IDP public inputs	Municipal Manager	26 October 2016 10 October 2017
Ward 4, Swellendam	IDP public inputs	Municipal Manager	7 October 2016 20 October 2017
Ward 5, Swellendam	IDP public inputs	Municipal Manager	1 October 2016 20 October 2017
Ward 6, Swellendam	IDP public inputs	Municipal Manager	2 October 2016 18 October 2017
Swellendam Municipal Advisory Forum	IDP public inputs	Municipal Manager	10 November 2016 9 May 2017
Budget preparatory process			
1	Preparation of annual budget	Budget Treasury Office	March 2017
2	Review of annual budget	CFO	23 March 2017
Budgetary policies			
1	Customer care, Credit control and debt collection policy	Municipal Council	30 May 2017
2	Asset Management Policy	Municipal Council	30 May 2017
3	Supply Chain Management Policy	Municipal Council	30 May 2017
4	Budget Policy	Municipal Council	30 May 2017
5	Banking Cash Management and Investment Policy	Municipal Council	30 May 2017
6	Tariff Policy	Municipal Council	30 May 2017
7	Bad Debt Write-off Policy	Municipal Council	30 May 2017
8	Preferential Procurement Policy	Municipal Council	30 May 2017

No.	Activity	Responsible person	Date
9	Petty Cash Policy	Municipal Council	30 May 2017
10	Irregular Expenditure Policy	Municipal Council	30 May 2017
11	Funding and Reserve Policy	Municipal Council	30 May 2017
12	Borrowing Policy	Municipal Council	30 May 2017
13	Indigent Policy	Municipal Council	30 May 2017
14	Rates Policy	Municipal Council	30 May 2017
15	SCM Policy for Infrastructure Procurement	Municipal Council	30 May 2017
Tabling of budget			
1	Tabling of draft annual budget	Municipal Council	30 March 2017
2	Tabling of draft 2017-22 IDP	Municipal Manager	30 March 2017
3	Tabling of Final 2017-22 IDP	Municipal Manager	30 May 2017
Approval of budget and policies			
1	Approval of amended annual budget	Municipal Council	30 May 2017
2	Approval of 2017/18 policies	Municipal Council	30 May 2017
Item A83/30/05/2017	That the Final IDP be approved as the Fourth Generation IDP (2017–2022) for the Swellendam Municipality and be advertised as such.	Municipal Manager	30 May 2017
Item number A85	Adoption of the Swellendam Spatial Development Framework, as part of Fourth Generation Integrated Development Plan 2017-2022	Municipal Manager	30 May 2017
Finalising			
1	Submission of final annual budget and related schedules to Treasury	Municipal Manager	1 June 2017
IDP Process Plan, SDBIP, Final 2017-22 IDP	Submission of documents to Minister Anton Bredell	Municipal Manager	6 June 2017

Table:17 2017/18 IDP/Budget Process

CHAPTER 2

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

2.1 NATIONAL KEY PERFORMANCE INDICATORS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The following table indicates the Municipality's performance in terms of the National Key Performance Indicator required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and Section 43 of the MSA. This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

Indicator	Municipal achievement	Municipal achievement
	2016/17	2017/18
The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan (After roll-over projects)	72%	80.4%

Table:18 National KPIs - Good Governance and Public Participation Performance

2.2 GOVERNANCE STRUCTURE

2.2.1 Political Governance Structure

The Council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Mayor and the Executive Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, councillors are actively involved in community work and the various social programmes in the municipal area.

a) Council

The Swellendam Local Municipal Council comprises of 11 elected councillors, made up out of 6 ward councillors and 5 proportional representation councillors. The portfolio committees are made up of councillors drawn from all political parties. Below is a table that categorised the councillors within their specific political parties and wards for the 2017/18 financial year:



Name of Councillor	Capacity	Political Party	Ward representing or proportional
BO Sonqwenqwe	Speaker	DA	Proportional
NG Myburgh	Executive Mayor	DA	Proportional
MJ Koch	Councillor	DA	Proportional
AM Pokwas	Deputy Mayor	DA	Proportional
EJ Lamprecht	Councillor	DA	Ward 1
HF Du Rand	Councillor	DA	Ward 4
JC Nortje	Councillor	ANC	Ward 2
G Libazi	Councillor	ANC	Ward 5
MTA Swart	Councillor	ANC	Proportional
MG Du Plessis	Councillor	ANC	Ward 3
JA Matthysen	Councillor	ANC	Ward 6

Table:19 Council 2017/18

Below is a table which indicates the Council meeting attendance for the 2016/17 financial year:

Meeting dates	Council Meetings Attendance	Apologies for non-attendance
Ordinary Council meeting: 31 August 2017	11	0
Ordinary Council meeting: 28 September 2017	11	0
Ordinary Council meeting: 26 October 2017	10	1
Ordinary Council meeting: 30 November 2017	10	1
Ordinary Council meeting: 31 January 2018	11	0
Ordinary Council meeting: 28 February 2018	11	0
Ordinary Council meeting: 27 March 2018	11	0
Ordinary Council meeting: 25 April 2018	11	0
Ordinary Council meeting: 30 May 2018	11	0
Ordinary Council meeting: 21 June 2018	11	0

Table:20 Council Meetings

b) Executive Committee

The Executive Mayor of the Municipality, Councillor NG Myburgh assisted by the Mayoral Committee, heads the executive arm of the Municipality. The Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. He has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Mayoral Committee, delegated by the Council, and as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Mayor operates in concert with the Mayoral Committee.

The name of each member of the Mayoral Committee is listed in the table below for the period 1 July 2017 to 30 June 2018:

Name of member	Capacity	Meeting dates
NG Myburgh	Chairperson	15 August 2017
AM Pokwas	Deputy Mayor	20 September 2017
EJ Lamprecht	Member	18 October 2017
HF Du Rand	Member	14 November 2017
		24 January 2018
		19 March 2018
		23 May 2018

Table:21 Executive Committee 2017/18

c) Portfolio Committees

Section 80 Committees are permanent committees that specialise in a specific functional area of the Municipality and may in some instances make decisions on specific functional issues. They advise the executive committee on policy matters and make recommendations to Council. Section 79 Committees are temporary and appointed by Council if and when required. They are usually set up to investigate a particular issue and do not have any decision-making powers. Just like Section 80 Committees they can also make recommendations to Council. Once their *ad hoc* task has been completed, Section 79 Committees are usually disbanded. External experts, as well as councillors can be included on Section 79 Committees.

The portfolio committees for the 2017/18 period and their chairpersons are as follows:

Financial and Infrastructure Services Portfolio Committee		
Chairperson	Other members	Meeting Dates
HF Du Rand	EJ Lamprecht	15 August 2017 19 September 2017 17 October 2017 13 November 2017 13 February 2017
	JC Nortje	13 March 2018 17 April 2018 15 May 2018 19 June 2018
Community and Corporate Services Portfolio Committee		
Chairperson	Other members	Meeting Dates
EJ Lamprecht	HF Du Rand	10 August 2017 14 September 2017 12 October 2017 9 November 2017 7 February 2018
	MTA Swart	8 March 2018 12 April 2018 10 May 2018 14 June 2018
Housing Portfolio Committee		
Chairperson	Other members	Meeting Dates
AM Pokwas	MJ Koch	10 August 2017 14 September 2017 12 October 2017 9 November 2017 7 February 2018
	G Libazi	8 March 2018 12 April 2018 10 May 2018 14 June 2018

Table:22 Portfolio Committees

d) Political decision-taking

Section 53 of the MSA stipulates inter alia that the respective roles and areas of responsibility of each political structure and political once bearer of the Municipality and of the Municipal Manager must be defined. The section below is based on the Section 53 role clarification.

Municipal Council

- governs by making and administering laws, raising taxes and taking decisions that affect people's rights
- is a tax authority that may raise property taxes and service levies
- is the primary decision maker and takes all the decisions of the Municipality except those that are delegated to political structures, political office bearers, individual councillors or officials
- can delegate responsibilities and duties for the purposes of fast and effective decision making
- must strive towards the constitutional objects of local government
- must consult the community with respect to local government matters
- is the only decision maker on non-delegated matters such as the approval of the Integrated Development Plan (IDP) and budget.

Mayor

- is the executive and political leader of the Municipality and is in this capacity supported by the Executive Committee
- is the social and ceremonial head of the Municipality
- must identify the needs of the Municipality and must evaluate progress against key performance indicators;
- is the defender of the public's right to be heard
- has many responsibilities with respect to the annual budget, the budget process, budget control and various other financial matters
- Performs the duties and exercise the responsibilities that were delegated to him by the Council

Executive Committee

- its members are elected by the Mayor from the ranks of councillors
- its functional responsibility area is linked to that of the Mayor to the extent that he must operate together with the members of the Executive Committee
- its primary task is to assist the Mayor in the execution of his powers - it is in fact an "extension of the office of Mayor"
- the committee has no powers of its own – decision making remains that of the Mayor

2.2.2 Administrative Governance Structure

The Municipal Manager is the Chief Accounting Officer of the Municipality. He is the head of the administration, and primarily serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reports, which constitutes the management team, whose structure is outlined in the table below:

Name of Official	Department	Performance agreement signed
		Yes/No
CM Africa / AM Groenewald	Municipal Manager	Yes
D du Plessis	Director Corporate Services	Yes
K Stuurman	Director Community Services	Yes
H Schlebusch	Director Financial Services	Yes
F Erasmus	Director Infrastructure Services	Yes

Table:23 Administrative Governance Structure

COMPONENT B: INTERGOVERNMENTAL RELATIONS

In terms of the Constitution of South Africa, all spheres of government and all organs of state within each sphere must co-operate with one another in mutual trust and good faith fostering friendly relations. They must assist and support one another; inform and consult one another on matters of common interest; coordinate their actions, adhering to agreed procedures and avoid legal proceedings against one another.

2.3 INTERGOVERNMENTAL RELATIONS

2.3.1 Intergovernmental Structures

To adhere to the principles of the Constitution as mentioned above the Municipality participates in the following intergovernmental structures:

Name of structure	Members	Outcomes of engagements/topics discussed
Municipal Managers Forum	Municipal Managers, SALGA, PGWC	<p>Consultative forum aimed at increasing communication and coordination through information sharing, capacity building and consultation on matters of mutual interest including:</p> <ul style="list-style-type: none"> The implementation of national policy and legislation affecting local government Matters arising in the PCF and other intergovernmental forums affecting local government Draft national and provincial policies and legislation related to such matters

Name of structure	Members	Outcomes of engagements/topics discussed
		Any other matter that affect local government
Premiers Coordinating Forum (PCF)	The plenary session of the PCF is composed of the Premier (the chair) and all MEC's, the Director-General and Head of Departments, Mayors and Municipal Managers of all 30 municipalities (including Metro). The composition of the PCF <i>cluster</i> session is similar to the PCF plenary except that Premier is not part of the cluster sessions and the sessions are chaired by relevant MEC's and co-chaired by the host District Mayor	<p>The objective of the PCF is to promote and facilitate intergovernmental relations and cooperative government between provincial government and municipalities to ensure integrated, effective and efficient service delivery</p> <p>The PCF is the primary consultative forum for the Premier of the Western Cape and municipalities within the province to discuss and consult on matters of mutual interest. Existing provincial and municipal IGR engagements and national IGR engagements feed into the PCF and vice versa</p> <p>The PCF consists of the PCF <i>plenary</i> and PCF <i>cluster</i> sessions. i.e. Social, Economic and Governance and administration. Resolutions or referrals from the cluster sessions feed into the PCF Plenary session for final resolution and adoption</p>
SALGA Working Groups	SALGA, Municipal Managers, Senior Managers, Councilors and division heads of municipalities	SALGA's programs are driven through its working groups. The working groups act as the policy and strategic engine of the organisation and serve as an important platform for the communication and coordination between SALGA national, provinces and municipalities. The main purpose of working groups is to encourage, ensure and promote local government matters which, include: Cooperative governance; Consultation and coordination and participative decision-making. The working groups, within their derived mandate, must develop policies, strategies and programmes to address critical local government issues
District Coordinating Forum (DCF)	Mayors, Councilors, Municipal Managers, SALGA and PGWC	<p>The objective of the DCF is to promote and facilitate intergovernmental relations and cooperative government between the District Municipality and the local Municipalities in the area of jurisdiction</p> <p>It is to ensure integrated, effective and efficient service delivery and is a primary consultative forum for the municipalities to liaise on matters of mutual interest</p>
Municipal Governance Review & Outlook (MGRO) Strategic engagement	Provincial Treasury, PGWC, Senior Managers of Municipalities	The Western Cape Government aims to continuously improve the level of Municipal governance and audit outcomes within Western Cape municipalities. The MGRO process has since 2012 assisted municipalities to improve their state of Governance and partnership between provincial and local government has been strengthened. It is evident that the objective of the MGRO

Name of structure	Members	Outcomes of engagements/topics discussed
		process to drive a single-minded focus on clean governance has had a concomitant impact in terms of the improvement of municipal audit outcomes over the past three years
Back to Basics	PGWC, Department of Cooperative Government and Traditional Affairs, Senior Managers of Municipalities	<p>The Swellendam Municipality is part of the Back to Basics programme, previously known as the Local Government Turn Around Strategy</p> <p>The aim of Back to Basics is to ensure that all municipalities throughout the country deliver quality services to all South Africans</p> <p>The back to basics programme is a high-level engagement to understand the challenges and to decide on support needed from sectoral department within the province</p>
IDP Managers Forum	All Provincial Government Departments	<p>The Provincial IDP Forums focused on the extent to which municipalities have been able to reflect alignment between municipal and sector planning in the IDP, which Province facilitates quarterly</p> <p>The IDP Manager Forums at a district level should provide a platform for sharing good practices and where peer support can be provided</p> <p>This raises the question as to how effective the intergovernmental planning structures are in ensuring the sharing of best practice and the provision of peer. Possible areas of collaboration and co-ordination by the District include the development of Coastal Management Plans, Air Quality Management Plans and Water Management Plans as an example</p>
LED Managers Forum	All Provincial Government Departments	Swellendam Municipality currently has no capacity in respect of local economic development and tourism; to be addressed during the 2017/18 financial period
SCM Forum	SCM Managers	Provide additional support to municipalities in the implementation of the provisions of the Municipal Finance Management Act, 2003 and other applicable legislations relating to supply chain management
IDP Indaba's / Working Group	All Provincial Government Departments	<ul style="list-style-type: none"> To discuss the implementation of IDP projects in the municipality To discuss sector departmental projects that will be implemented in a specific locality in the municipality To provide a physical location of the implementation of these projects in a space in the municipal area where this is possible

Name of structure	Members	Outcomes of engagements/topics discussed
		To agree on time frames, support needs, and resource allocation
Provincial Public Participation and Communication Forum (PPPCOM)	All Provincial Government Departments	<ul style="list-style-type: none"> Public Participation Practitioner chairs the meetings Responsible for advising and updating committee and municipalities on issues pertaining to community/public participation Co-ordination and alignment of District strategic objectives, initiatives and priorities Identification and sourcing of resources for implementation in ensuring effective and efficient utilization of such resources; Promote effective decision making on issues relating to community/public participation Co-ordination and monitoring the establishment and functioning of ward committees Information and knowledge sharing among stakeholders Identify key intervention areas; and To ensure the coordinated and coherent implementation and establishment of the ward participatory process to encourage the involvement of communities and organizations in matters of local government The Municipality must develop a culture of municipal governance that compliments formal representative government with a system of participatory governance and must for this purpose
Provincial Skills Development Forum	SDF's, LGSETA, MISA, Provincial Treasury, Provincial Training	<p>The purpose of this forum is to give the SDF's from Western Cape municipalities a platform to share information, get feedback from LGSETA and other training authorities on possible funding and status of approved projects and submit quarterly reports.</p> <p>SDF's from different municipalities liaise with LGSETA concerning the Sector Skills Plan, WSP and discretionary grant application and processing matters</p> <p>New software is tested to improve processes and municipalities identify and arrange for regional and national training projects</p> <p>Monitor trends in training sector and liaise with other SETA's or training bodies if and when necessary</p> <p>Equity-related matters are also prominent on the agenda of this forum</p>

Name of structure	Members	Outcomes of engagements/topics discussed
HR Practitioner's Forum	HR Practitioners from all the municipalities in the Western Cape meet	<ul style="list-style-type: none"> Discuss collective bargaining matters and ensure that proper mandates are obtained before and during negotiations Grey areas in social legislation are identified and draft policies developed to give guidance TASK-job evaluation is coordinated and problem areas discussed. The agenda for the HR Working and Development –group is formulated and inputs discussed for decision –making HR Practitioners share information and develop best practice formulas for many complex HR issues in local government Professionalization of standing of the HR practitioner is also high on the agenda Municipalities are guided and supported with labour disputes, strikes and implementation of agreements and policies. This forum monitors labour trends, changes in court or CCMA rulings and outcomes of collective bargaining in other state/public sectors
Overberg Air Quality Forum (AQF)	Dedicated officials (Air Quality Officers) of Municipalities within the Overberg and officials from DEA&P	The objective of the AQF is to ensure proper communication between the ODM and other local municipalities, provincial government, business and industry as well as interested and affected parties with regard to current institutional capacity, air pollution sources, air quality monitoring and issues relating to air quality law enforcement
OPF (Overberg Planning Forum)	Spatial Planners, land surveyors and environmental practitioners in the government as well as private sector	Quarterly meetings take place between the Provincial Government, Municipalities and the private sector to ensure proper spatial planning. Agenda points in general would include: Progress with the implementation of new planning legislation; Lessons to be shared with regard to certain requirements of new legislation such as the establishment and functioning of tribunals, planning bylaws, examples of application types, etc.; Alignment of current SDF's and zoning schemes with new planning legislation
Provincial Planning Heads Forum	Planning Heads of all Municipalities within the Western Cape. The Forum is hosted and chaired by the Provincial Department of Environmental Affairs & Development Planning (Director: Spatial Planning). Representatives from the Surveyor-General & the Register of Deeds also attend	The Forum is held on a quarterly basis. The objective is to discuss issues of common concern relating to the implementation of new Land Use Legislation (SPLUMA, LUPA), Spatial Planning, Standard Operating Procedures, the National Building Regulation, and Property Registration
COMMTECH (Communication Forum)	Communications officials of Municipalities within the Western Cape. The forum is	The forum is being held throughout the Western Cape on a quarterly basis. The

Name of structure	Members	Outcomes of engagements/topics discussed
	hosted by the Western Cape Provincial Government and chaired by the Department of Communication. Representatives from all Communications departments are present	objective is to ensure that all spheres of government go forth with the same communications theme, legislation is discussed, best practice ideas exchanged, current trends, complaints management systems, social media platforms, news and the importance of good, accurate and credible communication is promoted

Table:24 Intergovernmental Structures

2.3.2 Joint Projects and Functions with Sector Departments

All the functions of government are divided between the different spheres namely national, provincial and local. The Municipality therefore share their area and community with other spheres of government and their various sector departments and has to work closely with national and provincial departments to ensure the effective implementation of various projects and functions. The table below provides detail of such projects and functions:

Name of project/ function	Expected outcome of the Project	Sector department involved	Contribution of sector department
JPI 1-008: Create a business environment conducive to economic growth and employment opportunities	<ul style="list-style-type: none"> Establishment of Swellendam Business Forum Reviewed LED Strategy 	<ul style="list-style-type: none"> Department of Economic Development and Tourism (DEDAT) District Municipality Swellendam Municipality 	<ul style="list-style-type: none"> DEDAT would recommend that this be linked to the long-term JPI Municipality: Currently no LED official and lack capacity for LED-related matters
<p>JPI 1_055: Develop integrated and sustainable human settlements</p> <ol style="list-style-type: none"> Comprehensive Land Audit Improved efficiency in waste management 	<ol style="list-style-type: none"> A comprehensive land audit was done in 2005 for the municipal area and needs to be updated/ reviewed which will enable the municipality to make informed decisions with regard to land development especially with regard to subsidised housing development. Improved efficiency in waste management. The municipality currently only has two refuse removal trucks, which needs to service the entire municipal area. Almost all of the staff needs to receive solid waste management training. Assistance required from Department of Environmental Affairs and 	<ul style="list-style-type: none"> Department of Local Government (DLG) Department of Transport and Public Works (DTPW) Swellendam Municipality (DoA) Department of Rural Development and Land Reform (DRDLR) 	<ol style="list-style-type: none"> DLG to engage with DOA to look at a way to fund the audit. DEA&DP proposed the closure of this JPI and that Muni prioritise the Land Audit as part of the review of their SDF. DEA&DP will provide ongoing technical support as part of their core business DEA&DP through its Directorate Waste Management is promoting waste efficiency through actively assisting municipalities with the development of their integrated waste management plans (IWMP). Various waste training initiatives are rolled out annually with tailor made training based

Name of project/ function	Expected outcome of the Project	Sector department involved	Contribution of sector department
	Development Planning (DEADP)		on the needs of a particular municipality The various Waste Forums provide the platform on which municipalities can formally engage on all waste related matters and issues. It should therefore be noted that this particular JPI, is being addressed by the mandated directorate waste management and reporting is via direct contact between the department and the municipality (IPWIS and other) as well as the Waste Forum
JPI 1_047 "Strengthen governance through meaningful public participation and efficient use of ICT technology 1. Revised Provincial Public Participation Framework 2. Municipal policy on Public Participation 3. Ward Committee member training"	<ul style="list-style-type: none"> Strengthen governance through meaningful public participation and efficient use of ICT technology Amended comments received from the public participation processes and the Provincial Government The municipality takes note of the work being done 	<ul style="list-style-type: none"> DLG: PP Municipality 	The administrator's contract expired and a new administrator of ward committees was appointed. The Provincial DPLG plan to have an induction meeting with the Speaker and the newly elected ward councillors
JPI 1_047 Improve the maintenance of infrastructure to support further development Fleet Replacement Programme	<p>Fleet Replacement Program: Municipality requests that the lead department be DTPW.</p> <ol style="list-style-type: none"> Road Replacement Programme: THE DTPW informed the municipality that the HoD has as yet not signed off on the Road Upgrade Strategy which will guide the Departments interventions within the municipal area. Fleet Replacement Programme: DTPW responded by stating that they will respond to the municipality's request 	<p>The DTPW requested that an offline discussion be held with the municipality to discuss the specific support actions required by the Municipality with regards to this JPI.</p> <p>During the offline discussion held the following was agreed regarding this JPI:</p> <ul style="list-style-type: none"> Swellendam Municipality would remain as the lead for this JPI The DTPW could only provide technical support w.r.t. fleet management. (no funding support) Said technical support would revolve around putting a technical support in place that will assist the Municipality in doing fleet management in a more cost-efficient manner 	<p>Fleet Replacement Programme</p> <p>The Municipality liaise with other Municipalities and the City of Cape Town / Swartland Municipality responded to the request of buying secondhand vehicles from them. The Municipality bought from Swartland Municipality during October 2017</p>

Name of project/ function	Expected outcome of the Project	Sector department involved	Contribution of sector department
		<ul style="list-style-type: none"> The Municipality was requested to write to the HoD of the DTPW to request the Department to consider donating assets (especially vehicles) that has been deemed as redundant to the Municipality Since clear actions had been decided, it was agreed that this JPI be moved to green 	
<p>JPI 1_077</p> <p>DEA&DP to provide follow-up and feedback on the status of the Waste Water Treatment Plant Water Use Licence application and report back to the Swellendam Municipality</p>	<p>Improve the maintenance of infrastructure to support further development</p> <ol style="list-style-type: none"> 1. Municipal Infrastructure & Growth Plan 2. Basic service delivery to Malagas and Rietkuil 3. Improved water and sewerage services in Barrydale, Suurbraak and Buffeljagsrivier <p>DEA&DP issued an Environmental Authorisation for the Waste Water Treatment Works (WWTW) (Proposed Upgrade of the Suurbraak WWTW, Erf 1, Suurbraak) on 27 September 2016</p>	<p>DLG:MI</p> <p>DEA&DP's Directorate: Development Management (Region 2)</p>	<p>Swellendam Municipality (Lead Department) - provide feedback on progress. Last update provided: October 2016</p>
<p>Landfill site</p>	<p>In December 2016 a complaint related to management of the Landfill site was referred to DEA&DP's Directorate: Environmental Law Enforcement. DEA&DP's Directorate: Waste Management has subsequently audited the facility on 12 January 2017 and a follow-up was done on 20 January 2017. The facility has improved certain operational aspects but still scored low on the compliance audit rating. The Municipality has indicated funds have been procured to implement further improvements</p>	<p>DEA&DP's Directorate: Waste Management (Contact: Mr Eddie Hanekom)</p>	<p>DEA&DP to follow up and report back to Swellendam Municipality</p>

Table:25 Joint projects and functions with sector departments

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 of the MSA refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose, it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

- the preparation, implementation and review of the IDP
- establishment, implementation and review of the performance management system
- monitoring and review of the performance, including the outcomes and impact of such performance
- preparation of the municipal budget

2.4 PUBLIC MEETINGS

Public meetings take place in case of urgent matters that needs public input. The traffic department will do the loud-haling in the various towns or give out pamphlets door to door. The councillors is usually the convener at these meetings. Councillors are supposed to have 4 public meetings per year. The purpose is to give feedback to the community members in their wards, what has happened and what are the projects/programs they want to see happening in their wards.

In the past, not many public meetings were held, improvement has been made, and more public meetings has been held. The councillors also have ward report back meetings in their wards. The members of the ward meetings are also involved in spreading the word about the importance of these meetings and the attendance of the community.

The table below indicates the public meetings that were conducted during the year:

Event	Date of events
Public: Establishment of 6 Wards and 2017-22 IDP inputs from the 6 wards	
Ward 1 – Town Hall, Swellendam	18 September 2017
Ward 2 – Fort Haven, Barrydale	12 September 2017
Ward 3 – Infanta – Malagas, Klipwerf	19 September 2017
Ward 3 – Community Hall, Buffeljagsrivier	13 September 2017
Ward 3 – Community Hall, Suurbraak	No meeting due to public unrest
Ward 4 – Town Hall, Swellendam	26 September 2017
Ward 5 – Thusong	27 September 2017
Ward 6 – Community Hall, Railton	28 September 2017
Public: Prioritisation of community inputs IDP 2017/2022	
Ward 1 – Town Hall, Swellendam	23 April 2018
Ward 2 – Fort Haven, Barrydale	10 April 2018

Event	Date of events
Ward 3 – Infanta – Malagas, VGK Kerk	11 April 2018
Ward 3 – Community Hall, Buffeljagsrivier	12 April 2018
Ward 3 – Community Hall, Suurbraak,	16 & 24 April 2018
Ward 4 – Community Hall, Railton	17 April 2018
Ward 5 – Thusong	19 April 2018
Ward 6 – Community Hall, Railton	25 April 2018
Swellendam Municipal Advisory Committee (SMAF)	15 May 2018

Table:26 Public Meetings

2.4.1 Ward Committees

The Ward Committees support the Ward Councillor who receives reports on development, participate in development planning processes, and facilitate wider community participation. To this end, the Municipality constantly strives to ensure that all Ward Committees function optimally with community information provision, convening of meetings, ward planning, service delivery, IDP formulation and performance feedback to communities.

a) Ward 1: Swellendam and Rural areas of Stormvlei and Nootgedacht

Name of representative	Capacity representing	Dates of meetings held during the year
E Lamprecht	Ward councillor	Ward committee & sector meetings 6 March 2018 23 April 2018 30 May 2018 Community meetings 5 December 2017
E De Kock	Welfare and health	
I Olivier	Geographical-Swellendam town area	
L Neethling	Geographical	
W Olivier	Religion	
P Baartman	Disabled persons (APD)	
H Smit	CPS forum	
B Scholtz	Sport	
V Bezuidenhout	Business	
J Davids	Women	

Table:27 Ward 1 Committee Members

b) Ward 2: Barrydale, Smitsville, part of Suurbraak, Vleiplaas and surrounding rural areas

Name of representative	Capacity representing	Dates of meetings held during the year
J Nortje	Ward councillor	Ward community & sector meetings 16 October 2017
I Ferguson	Geographical	
F Nortje	Education	
H Michaels	Farmers	
E Swart	Religion	
A Pekeur	Culture	
P Takelo	Youth	
M Windvogel	Women	
S Fortuin	Elderly	
F Van Rooi	Farm workers	
J Michaels	Sport	

Table:28 Ward 2 Committee Members

c) Ward 3: Buffeljagsrivier, the largest part of Suurbraak, Mullersrus and Malagas/Infanta

Name of representative	Capacity representing	Dates of meetings held during the year
M Du Plessis	Ward councillor	Ward committee & sector meetings 23 May 2018
D Taylor	Geographical (Infanta Malagas)	
N October	Welfare and health	
J Prins	Business	
G Damonse	Youth	
A Thompson	Geographical (Buffeljagsrivier)	
D Adams	Women	
H Swart	Counsel of stakeholders	
G Muller	Education	
D Hendricks	Geographical (Suurbraak)	

Table:29 Ward 3 Committee Members

d) Ward 4: Part of town of Swellendam and part of Railton

Name of representative	Capacity representing	Dates of meetings held during the year
H Du Rand	Ward councillor	Ward committee meetings 7 August 2017 6 June 2018
D Van Heerden	Religion	
J Booysen	Youth	
F Davids	CPS-Forum	
M Windvoel	Sport	
M Engelbrecht	Welfare and health	
N Pelser	Education	
J Windvogel	Geographical (Rondom Skrik)	

Table:30 Ward 4 Committee Members

e) Ward 5: Part of town of Swellendam and part of Railton

Name of representative	Capacity representing	Dates of meetings held during the year
G Libazi	Ward councillor	Ward committee & sector meetings 22 May 2018
C Davids	NGO	
M Mtyanga	Religion	
E Sabo	Women	
E Viljoen	Welfare and health	
C Gertse	Education	
J Taba	Sport	
A Windvoel	Youth	
C Fieleiies	Business	
B Vollenhoven	Geographical	
N Nthlombe	Informal settlement	

Table:31 Ward 5 Committee Members

f) Ward 6: Part of Railton and Rural area

Name of representative	Capacity representing	Dates of meetings held during the year
J Matthysen	Ward councillor	Ward committee & sector meetings 23 August 2017 6 November 2017 24 May 2018
E De Silva	Welfare and health	
L Devie	Women	
C Buis	Elderly persons	
J Michaels	Culture	
D Mtila	Education	

Name of representative	Capacity representing	Dates of meetings held during the year
A Snyman	Youth	
A Witbooi	Agriculture	
R Davids	Sport	
J Badella	Religion	
B Witbooi	Tourism	

Table:32 Ward 6 Committee Members

2.4.2 Functionality of Ward Committee

The purpose of a ward committee is:

- to get better participation from the community to inform council decisions;
- to make sure that there is more effective communication between the Council and the community; and
- to assist the ward councilor with consultation and report-backs to the community.

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented. The ward councilor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the ward councilor who makes specific submissions directly to the administration. These committees play a very important role in the development and annual revision of the Integrated Development Plan of the area.

The table below provides information on the establishment of ward committees and their functionality:

Ward	Committee established Yes / No	Number of meetings held	Committee functioning effectively (Yes / No)
1	Yes	4	Yes
2	Yes	4	Yes
3	Yes	2	Yes
4	Yes	6	Yes
5	Yes	7	Yes
6	Yes	6	Yes

Table:33 Functioning of Ward Committees

2.4.3 Representative Forums

a) Labour Forum

The table below specifies the members of the Labour Forum for the 2017/18 financial year:

Name of representative	Capacity
D Du Plessis	Chairperson (employer)
D Julius	Vice Chairperson (Imatu)
J Kapp	Employer Representative
B Sonqwenqwe	Member (Employer)
M Pokwas	Member (Employer)
P Le Roux	Member (HR)
Z Van Der Vent	Member (Imatu)
B De Silva	Member (Samwu)

Table:34 Labour Forum

COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

2.5 RISK MANAGEMENT

In terms of Section 62(1)(c)(i) of the MFMA *“the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure- that the municipality has and maintains effective, efficient and transparent systems – of financial and risk management and internal control;” ...*

The Risk Management Unit (RMU) came into ideal development in 2015/16 with the appointment of the Chief Risk Officer (CRO) on a Shared Service Business Model between the municipalities within the district, which ultimately meant getting the same service under a shared cost model.

The initiatives and actions performed by the RMU during 2017/18 include:

- An annual risk assessment conducted and facilitated by the CRO per directorate, engaging all heads of departments
- Periodic assessments with monthly monitoring on status of risk register, as well as quarterly reporting and recommendations to various statutory and non-statutory committees
- Annual review of risk management documents (see 2.5.4 below for specifics of documents)
- Compilation and monitoring of a district risk management implementation plan

- Continuous aim of building a sufficient municipal risk profile to constantly improve risk maturity
- Streamlining risk related documents and processes with National Treasury's Public Sector Risk Management Framework, King Code of Governance for South Africa, Committee of Sponsoring Organisations of the Treadway Commission (COSO), International Organisation for Standardisation (ISO 31000), etc
- Adding value of "best practice" developments to the Fraud and Risk Management Committee - review of the risk register, incident and emerging risks and corrupt, fraudulent and unethical incidents are now standard agenda items for Risk Management Committee meetings
- Fraud and Risk Management Committee performance evaluation through individual assessments in the form of a questionnaire
- Encouraged the significant application of risk management to the implementation of mSCOA by participating in the mSCOA work group sessions
- Regular communication and daily updates from the Institute of Risk Management South Africa
- Regular communication between Provincial Treasury (Corporate Governance) and the CRO on risk related matters
- Recommendations for improvement of software being utilised (Ignite Risk Assist Module)
- Risk universe and risk maturity initiatives through comparison reporting and benchmarking
- Compilation of a District Cross-Cutting Report containing the transversal risks of the Overberg district
- Exploiting opportunities and strategies through identification of Emerging and Incident Risks
- Progressive application of compliance related documents and processes
- Participation in the District Risk and Internal Audit Forum
- Exploring opportunities through meaningful integration of the functions of Ethics, Anti-Corruption and Fraud Prevention, Occupational Health and Safety, Long term Planning, Business Continuity and Disaster Management into the risk management objectives and processes
- Business continuity engagements with management to implement the Business Continuity Framework
- Participating in strategic planning sessions to conduct strategic risk assessments and emphasise the importance of risk-based decision-making
- Started with a district fraud and corruption event library for use during fraud and corruption risk assessments
- Continuous emphasis on fraud and corruption risks and the related risk action plans
- Quarterly compilation of the Combined Assurance Model based on the Combined Assurance Policy Framework adopted by Council
- Risk Management Maturity Assessment to determine the Municipality's maturity level
- Improved co-operation between the RMU and Internal Audit Services (IAS), reducing duplication and increasing the sharing of risk information, while respecting IAS's independence
- Focus on cyber security and ICT control awareness
- Review of year-end internal control procedures and demand management process (including performance)

The table below include the strategic risks of the Municipality:

Risk Description	Current Controls	Residual Risk
Provision of Bulk Water - Dam	<ul style="list-style-type: none"> Dam levels being monitored daily Reliant on National Grant Allocation High standard of service delivery and competency at purification works 	High
Management and operations of landfill site	<ul style="list-style-type: none"> External service provider performing maintenance functions Annual requests (Budget Process) 	Medium
Allocation awarded - Equitable Share	<ul style="list-style-type: none"> Consultation Process (National Treasury) Budget Process (Revenue Sources) Good Credit Control processes 	Medium
Improve Financial Viability	<ul style="list-style-type: none"> IDP aligned to key objectives Budget is aligned to IDP SDBIP is informed by the IDP and budget Regular performance monitoring and evaluations (performance management system) Monthly monitoring of audit actions plan Financial long-term plan 	Medium
Maintenance of Ageing Infrastructure	<ul style="list-style-type: none"> Departmental Maintenance plans Maintenance Budgets Long Term Financial Plan Available Conditional Grants Regular inspections on Vehicles and Municipal Buildings Lease of vehicles (3 year standing tender) – Emergencies Malgas and Infanta - outsourcing 	Medium
Political Instability	<ul style="list-style-type: none"> Continuity in daily operations Municipal Officials refrain from political activities during official work hours (Internal Correspondence) To get official documents and processes approved to ensure ongoing operations 	Medium
Breach of Trust / Integrity (All employees)	<ul style="list-style-type: none"> Code of Conduct Prescribed Legislation Anti-Corruption Statement Ethics Policy 	Low

Table:35 Strategic Risks

2.5.1 Risk Assessment Process

The risk assessment for the 2017/18 financial year was performed during February 2017 where risks were identified and assessed in accordance with the Risk Management Policy to determine the inherent risk (before taking controls into consideration) and residual risk (after taking existing control measures into consideration). The additional actions to mitigate these risks further were formulated in July 2017.

The risk identification and assessment are an ongoing process and part of management's monthly monitoring responsibilities.

2.5.2 Fraud and Risk Management Committee

The role of the Fraud and Risk Management Committee is to provide a timely and useful enterprise risk management report to the Audit Committee of the Municipality. The report contains the current top risks of the municipality, which includes:

- The key strategic and financial risks facing the Municipality (all high-risk exposures)
- The key operational risks per strategic goal

Further details on the roles of the Fraud and Risk Management Committee are included in the approved Fraud and Risk Management Committee Charter.

The table below details the membership of the committee and the dates of the meetings held:

Name of Committee Member	Designation	Capacity	Meeting dates
A Groenewald	Municipal Manager	Chairperson	18 September 2017 27 November 2017 20 March 2018 25 June 2018
H Schlebusch	Director: Financial Services	Member	
D Du Plessis	Director: Corporate Services	Member	
K Stuurman	Director: Community Services	Member	
F Erasmus	Director: Infrastructure Services	Member	
J Rossouw	Chief Audit Executive	Standing Invitee	
A Riddles	Chief Risk Officer	Standing Invitee	

Table:36 Fraud & Risk Management Committee

2.5.3 Combined Assurance

Combined assurance ensures that a co-ordinated (combined) approach is applied in receiving assurance on whether key risks are being managed appropriately within the municipality. The Combined Assurance Policy Framework will be used as a guide to construct the Combined Assurance Model. The combined assurance champion will be the Chief Risk Officer and as such, the Fraud and Risk Management Committee should be in charge of oversight over combined assurance.

Principle 15 of King IV recommends that the governing body (Council) should:

- Ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports
- Oversee the combined assurance model for effective cover of significant risks and material matters through line functions, internal audit, independent external assurance providers and regulatory inspectors
- Assess the output of combined assurance with objectivity and professional scepticism, apply an enquiring mind and form opinion on integrity of the reports and the degree to which an effective control environment has been achieved

Council approved the revised Combined Assurance Policy Framework for the 2017/18 financial year on 29 June 2017 per item A93. The Combined Assurance Policy Framework is a guide that informs the development of the Annual Combined Assurance Plan for the Swellendam Municipality. The Combined Assurance Plan aims to inform, in a simple manner, on the effectiveness of assurance providers and to create confidence in the assurance provided over key organizational risks.

2.5.4 Risk Management Documents

The following risk management documents for 2017/18 have been approved by Council:

Name of document	Developed (Yes/No)	Date Adopted
Risk Management Strategy	Yes	29 June 2017
Risk Management Policy	Yes	29 June 2017
Risk Management Implementation Plan	Yes	29 June 2017
Fraud and Risk Management Committee Terms of Reference	Yes	29 June 2017
Combined Assurance Policy Framework	Yes	29 June 2017
Code of Ethics	Yes	29 June 2017
Anti-Corruption and Fraud Prevention Strategy	Yes	29 June 2017
Anti-Corruption and Fraud Prevention Policy	Yes	29 June 2017
Anti-Corruption and Fraud Prevention Plan	Yes	29 June 2017

Table:37 Risk Management Documents

2.6 ANTI-CORRUPTION AND ANTI-FRAUD

Section 6(2)(c) of the MSA states that the municipality must take measures to prevent corruption, Section 83(1)(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the MFMA, Section 112(1)(m)(i) obligates the municipality to institute supply chain measures to combat fraud and corruption, favouritism and unfair and irregular practices. The Prevention and Combating of Corrupt Activities Act defines corruption and specific corrupt activities and imposes a reporting obligation on the Accounting Officer.

The Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014 regulates the reporting, investigation and disciplinary proceedings regarding allegations of financial misconduct, including fraud and corruption.

One of the main purposes of an Anti-Corruption and Fraud Prevention Policies is to ensure that the Municipality is in compliance with the MSA and MFMA, which requires the Municipality to develop and adopt appropriate systems and

procedures that contribute to effective and efficient management its resources. The following revised policies were adopted by Council for 2017/18 on 29 June 2017:

- Revised Anti-Corruption and Fraud Prevention Strategy
- Revised Anti-Corruption and Fraud Prevention Policy
- Revised Anti-Corruption and Fraud Prevention Plan
- Revised Whistle-Blowing Policy

The Municipality has established a Financial Misconduct Disciplinary Board and reporting procedures in terms of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014 read with Section 21(1)(a) and (b) of the MSA. The Financial Misconduct Disciplinary Board consist of:

Name of Committee Member	Designation	Capacity
B Jansen van Rensburg	Chairperson of the Audit- and Performance Audit Committee	Chairperson
D Du Plessis	Director: Corporate Services	Member
J Rossouw	Chief Audit Executive	Member

Table:38 Financial Misconduct Disciplinary Committee Members

A summary of the reporting procedures is:

1. Fraud, corruption, maladministration or any other unethical activities of a similar nature will not be tolerated. Such activities will be investigated and actions instituted against those found responsible. Such actions may include the laying of criminal charges, civil and administrative/ disciplinary actions and the recoveries by the Municipality where applicable
2. Prevention-, detection-, response- and investigative strategies will be designed and implemented
3. It is the responsibility of all employees to report all incidents of fraud and corruption that may come to his/her attention
4. All reports received will be treated with the requisite confidentiality
5. All managers are responsible for the detection and prevention of fraud and corruption within their areas of responsibility
6. Any person can report allegations of fraud or corruption anonymously. They can also contact or write to any member of management, the Municipal Manager, Executive Mayor, the Speaker or Internal Audit or use the national fraud hotline – 0800 701 701. The public is called upon to report any allegations or real incidents of fraud and corruption
7. Whistle-blowers will be protected. A whistle-blower who reports suspected fraud and/or corruption may remain anonymous should he/she so desire. The Municipality will do its best to protect an individual's identity when he/she raises a concern and does not want their identity to be disclosed

8. No person will suffer any penalty or retribution for good faith reporting of any suspected or actual incident of fraud and corruption which occurred within Swellendam Municipality. The Municipality will not tolerate harassment or victimization

2.6.1 Implementation Plan

The following table provides an overview of Swellendam Municipality's plan to combat fraud and corruption:

Key Risk Areas	Key Measures to Curb Fraud and Corruption
Policy	<p>An Anti-Corruption and Fraud Prevention Policy is a key defence mechanism because it emphasises that the Municipality has a formal framework in place to deal with fraud and corruption. It answers key questions such as:</p> <ul style="list-style-type: none"> · What is fraud and corruption? · How do we deal with it when it arises? · What are the roles and responsibilities? · What are the sanctions?
Institutional arrangements	<p>The creation of specific structures and the definition of roles and responsibilities facilitate coordination and management of programme implementation. At a municipal level these would include structures such as the Risk Management Unit, Internal Audit, Fraud and Risk Management Committee and the Audit and Performance Audit Committee</p>
Systems and controls	<p>With well-structured and documented systems and controls in place, gaps and loopholes are nullified that are often used to perpetrate fraud and corruption. These systems and controls also enable monitoring and management mechanisms that will facilitate detection where there are attempts to override or circumvent such systems and controls. Importantly, systems and controls will ensure compliance with policies and regulations. Supply chain management is a good example of where systems and controls are crucial in preventing fraud and corruption</p>
Fraud and corruption risk management	<p>All organisations have systems and controls in place with varying levels of structure and detail. Despite this, organisations are still vulnerable to fraud and corruption because systems and controls are not properly implemented or their inherent gaps and weaknesses can be exploited. Conducting fraud and corruption risk assessments enables the Municipality to test the integrity and completeness of their systems and controls with a view to implementing measures that strengthen areas of weakness and closing gaps. This approach proactively allows the Municipality to prevent fraud and corruption</p>
Training, awareness and communication	<p>Making managers, staff, suppliers and customers aware of the risks of fraud and corruption, how to deal with it, what the consequences are and why it is important to prevent and combat it are key weapons in building up an organisational culture that opposes fraud and corruption. Training will make managers and staff aware of what to look out for so that they do not willingly or unwillingly participate in acts of fraud and corruption. Communicating successes in dealing with fraud and corruption serves as deterrent to others and builds the corporate image of the Municipality</p>

Table:39 Implementation of the Strategies

2.7 AUDIT COMMITTEE

Section 166 of the MFMA, requires every Municipality to establish and maintain an Audit Committee, as an independent appraisal function.

Section 166: (1) Each municipality and each municipal entity must have an audit committee, subject to subsection (6). (2) An audit committee is an independent advisory body which must— (a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity, on matters relating to:

- (i) Internal financial control and internal audits*
- (ii) Risk management*
- (iii) Accounting policies*
- (iv) The adequacy, reliability and accuracy of financial reporting and information*
- (v) Performance management*
- (vi) Effective governance*
- (vii) Compliance with this Act, the annual Division of Revenue Act and any other applicable legislation*
- (viii) Performance evaluation*
- (ix) Any other issues referred to it by the municipality or municipal entity*

Experience has shown that a properly constituted Audit Committee can make an effective and valuable contribution to the process by which an organization is directed and controlled.

The overall objectives of the Audit and Performance Audit Committee (APAC) are to ensure that management has created and maintained an effective control environment in the organization and that management demonstrates and stimulates the necessary respect for the Swellendam Municipality's systems, policies and procedures and for the internal control structure.

The Swellendam Audit Committee is well established and functioning as required. An updated Committee Charter has also been developed and approved by Council. All the members of the Audit Committee are also members of the Performance Audit Committee. The APAC meets quarterly.

b) Members of the APAC

The following table indicates the members of the APAC:

Name of representative	Capacity
B Jansen Van Rensburg	Chairperson
P du Plessis	Member
S Adonis	Member
D Farenhem	Member

Table:40 Members of the APAC

The APAC executed all of their delegated functions for the 2017/18 financial year as follows:

Duties of the APAC as per Approved APAC Charter	Achieved: Yes/No	Comments
To consider the annual financial statements	Yes	2016/17 AFS was tabled to and discussed by the APAC on 7 September 2017. The 2017/18 AFS was tabled to and discussed by the APAC on 29 August 2018
To consider and review the audit plans of the internal auditors to ensure that it addresses the critical risk areas of the business of Council and to formulate instructions to the internal auditors	Yes	The 2018/19 Risk-Based Internal Audit Plan was approved on 6 June 2018
To ensure that no restrictions are placed on the rights, obligations and responsibilities of any internal and external auditors of the Council	Yes	As and when needed
To evaluate all internal and external audit reports and the replies thereto	Yes	APAC meets quarterly to review all internal audit reports and management response thereto
To consider problems, of whatever nature, that may be experienced by internal or external audit while conducting an audit	Yes	As and when needed
To consider any recommendation pertaining to the audit of the Municipality or the amendment / rescindment of any approved recommendation	Yes	As and when needed
To facilitate proper communication and co-ordination between the internal and external auditors of the Council	Yes	The committee strive to enhance the co-ordination between the Internal and External Auditors
To evaluate the effectiveness of auditing functions of the Council	Yes	The committee reviewed the Internal Audit Department Performance Report for 2016/17 on 7 September 2017 and commented on the effectiveness of the IAA in the APAC's quarterly report to Council

Duties of the APAC as per Approved APAC Charter	Achieved: Yes/No	Comments
To evaluate the cost of the external auditing function in terms of value-for-money	Yes	The committee commented on the high fees of the Auditor-General (AG) on an ongoing basis and also discussed the issue with staff from the Office of the AG. An item on the average fee increase was discussed at its meeting held on 6 June 2018
To report to Council on the activities of the committee	Yes	Quarterly reports submitted to Council, as well as the minutes of the APAC meetings
To review the Auditor-General's report on the financial statements and Council's and management's responses thereto with a view to ensuring satisfactory responses and corrective action, where necessary	Yes	The 2016/17 management letter and AG's final report were presented to the committee on 6 December 2017 for discussion. The AG Action Plan is also considered by the committee on a quarterly basis
To review measures for safeguarding council assets	Yes	Ongoing review of the internal audit reports on safeguarding of assets. Safeguarding of council assets also included as part of the annual Risk-Based Audit Plan approved by the committee
To review any proposals for improving efficiency, effectiveness and economy	Yes	Ongoing by reviewing internal audit reports
To review the effectiveness of the Council's internal checking and control measures identified during internal and external audits and the Municipal Manager's follow-up action	Yes	Ongoing by reviewing internal audit reports
To receive and consider quarterly reports from the Chief Audit Executive	Yes	The Chief Audit Executive submits quarterly audit reports to the committee for discussion
To ensure compliance with relevant legal requirements	Yes	The committee reviews the compliance audit reports submitted to it by Internal Audit
To ensure that proper accounting records are kept	Yes	The committee comments on Financial and Accounting Information in their quarterly reports to Council
To review the role and position of risk management in a corporate context, with the aim of critically appraising it	Yes	The committee annually reviews the Risk Management Policy documents. The quarterly risk action reports are also tabled to the committee and the committee comments on the implementation of Risk Management in their quarterly reports to Council
To summon annually members of management to present themselves before the committee to provide explanations (written or oral) as may be deemed necessary	Yes	As and when needed. Although senior management has a standing invitation to all committee meetings
Review compliance with in-year reporting	Yes	The committee reviewed the 2017/18 MFMA, MSA & DORA compliance reviews conducted by Internal

Duties of the APAC as per Approved APAC Charter	Achieved: Yes/No	Comments
		Audit, consisting of compliance with in-year reporting
Review the quarterly performance reports submitted by internal audit	Yes	Quarterly PMS reports reviewed
Review and comment on municipality's annual reports within the stipulated time frame	Yes	The 2016/17 Municipal Annual Report was tabled to the committee on 20 February 2018
The AC assesses its performance and achievements against its charter on an annual basis	Yes	With this report
The findings of the self-assessment are presented by the Chairperson to the Accounting Officer and Council	Yes	A separate self-assessment of the performance of the committee will also be tabled to Council
Review and comment on compliance with statutory requirements and performance management best practice and standards	Yes	The committee reviewed the 2017/18 MFMA, MSA & DORA compliance reviews conducted by internal audit, as well as the Performance Management Policy Framework. The committee also reviews the quarterly PMS audit reports submitted by Internal Audit
Review and comments on the alignment IDP, Budget, SDBIP and performance agreements	Yes	The APAC reviewed and commented on the alignment between the 2018/19 IDP, Budget and SDBIP on 6 June 2018
Review and comment on relevance of indicators to ensure it is measurable and related to services performed by the Municipality	Yes	The committee reviews the indicators in the SDBIP on a quarterly basis
Review and comment on the Municipality's performance management system and make recommendations for its improvement	Yes	The committee reviews the quarterly PMS audit reports submitted by internal audit, as well as the Annual Performance Compliance Review
Ensure compliance with legislation in terms of Council's policies and standing orders	Yes	Internal Audit conducts compliance reviews in terms of Council's policies on an ongoing basis and the committee reviews the internal audit reports on quarterly basis
Reporting by the APAC		
The chairperson of the committee should report to the responsible committee and the Council	Yes	Quarterly reports submitted to Council

Table:41 Duties and Activities of the Audit Committee

2.8 INTERNAL AUDITING

In terms of Section 165 (1) of the MFMA, each municipality must have an Internal Audit Unit. Section 165 (2) of the Act, gives guidance on what is expected of the internal audit unit with regard to responsibility, functions and reporting requirements.

Section 165 (1) of the MFMA states that:

(1) Each municipality and each municipal entity must have an internal audit unit



(2) *The internal audit unit of a municipality or municipal entity must*

(a) *Prepare a Risk-Based Audit Plan and an internal audit program for each financial year*

(b) *Advise the accounting officer and report to the audit committee on the implication of the internal audit plan and matters relating to-*

(i) *internal control*

(ii) *internal audit*

(iii) *accounting procedures and practices*

(iv) *risk and risk management*

(v) *performance management*

(vi) *loss control*

(vii) *compliance with this Act, the Division of Revenue Act and any other applicable legislation*

(c) *perform such other duties as may be assigned to it by the accounting officer"*

The Swellendam Municipality's Internal Audit Activity (IAA) is capacitated to provide independent, objective assurance and consulting services. Independence is maintained by being accountable to the Accounting Officer administratively and by functionally reporting to the Audit Committee, these reporting lines are clearly stated in the Swellendam Internal Audit Charter.

The IAA strives to provide value-added service to the Municipality providing workable and sustainable solutions. The Swellendam Municipality has an in-house IAA. During the period under review the Chief Audit Executive (CAE) has made significant strides in improving and maintaining a functional IAA. The CAE has also developed and reviewed various strategic internal audit documents during the year under review. Internal audit engagements are conducted as stated in the audit methodology. Furthermore, progress in terms of the Risk-Based Internal Audit Plan was duly reported to the Audit Committee. During the year under review an electronic audit tool was also utilised to automate and streamline the internal audit processes.

The structure of the IAA makes provision for the following posts, namely: Chief Audit Executive (1 post) and Internal Auditor (1 post). All vacant positions on the organogram for the Internal Audit Unit has been filled from 1 March 2018. In addition, an Internal Audit Intern was also allocated to IAA. For 2017/18 the co-ordination of internal audit consisted of:

Name	Position	In-service during Reporting Period
J Rossouw	Chief Audit Executive	1 July 2017 – 30 June 2018
Z Wiese	Internal Auditor	1 March 2018 – 30 June 2018
H Swart	Intern: Internal Audit	16 April 2018 – 30 June 2018

Table:42 Internal Audit Unit

Below are the functions of the Internal Audit Unit that was performed during the financial year under review:

Audit Ref	Audit Activity Planned according to the RBIAP	Details
1st Quarter Audit Activities		
2017-001	2016/17 4 th Quarter and Annual SDBIP Performance Review	Completed: Final Report Issued Tabled to APAC on 7 September 2017
2017-002	Supply Chain Management Review	Completed: Final Report Issued Tabled to APAC on 7 September 2017
2017-003	2016/17 Annual Financial Statements Review	Completed: Final Report Issued Tabled to APAC on 7 September 2017
2017-004	Anti-Fraud & Corruption Compliance Review	Completed: Final Report Issued Tabled to APAC on 6 December 2017
N/A	Internal Audit Follow-Up Review	Completed: Final Report Issued Tabled to APAC on 7 September 2017
2nd Quarter Audit Activities		
2017-005	2017/18 1 st Quarter SDBIP Performance Review	Completed: Final Report Issued Tabled to APAC on 6 December 2017
2017-006	Occupational Health and Safety Review	Completed: Final Report Issued Tabled to APAC on 6 December 2017
2017-007	MSCOA Implementation Review	Completed: Final Report Issued Tabled to APAC on 6 December 2017
N/A	Internal Audit Follow-Up Review	Completed: Final Report Issued Tabled to APAC on 6 December 2017
3rd Quarter Audit Activities		
2017-008	2017/18 2 nd Quarter SDBIP Performance Review	Completed: Final Report Issued Tabled to APAC on 20 February 2018
2017-009	ICT (General Controls) Review	Completed: Final Report Issued Tabled to APAC on 6 June 2018
2017-010	Governance Review	Completed: Final Report Issued Tabled to APAC on 6 December 2017
N/A	Internal Audit Follow-Up Review	Completed: Final Report Issued Tabled to APAC on 20 February 2018
4th Quarter Audit Activities		
2017-011	2017/18 3 rd Quarter SDBIP Performance Review	Completed: Final Report Issued Tabled to APAC on 6 June 2018
2017-012	2017/18 MFMA Compliance Review	Completed: Final Report Issued Tabled to APAC on 6 June 2018
2017-013	2017/18 MSA Compliance Review	Completed: Final Report Issued Tabled to APAC on 6 June 2018

Audit Ref	Audit Activity Planned according to the RBIAP	Details
2017-014	2017/18 DORA Compliance Review	Completed: Final Report Issued Tabled to APAC on 6 June 2018
2017-015	Risk Management Peer Review	Completed: Final Report Issued Tabled to APAC on 6 June 2018
2017-016	Annual (Year-end) Stock Count	Completed: Final Report issued on 2 July 2018
N/A	Internal Audit Follow-Up Review	Completed: Final Report Issued Tabled to APAC on 6 June 2018

Table:43 Internal Audit Activities

2.9 BY-LAWS AND POLICIES

Section 11 of the MSA gives a Council the executive and legislative authority to pass and implement by-laws and policies. Below is a list of all the by-laws developed and reviewed during the financial year:

By-laws developed/revised	Date adopted	Public Participation Conducted Prior to adoption of By-Laws Yes/No	Date of Publication
By-law relating to the Establishment, Composition, Procedures, Powers and Functions of Committees	31 January 2018	Yes	9 February 2018
By-law relating to the Management and Administration of Immovable Property	27 March 2018	Yes	9 May 2018

Table:44 By-laws Developed and Reviewed

Below is a list of all the policies developed and reviewed during the financial year:

Policies developed/ revised	Date adopted	Public Participation Conducted Prior to adoption of policy Yes/No
Revised Policy on Legal Representation	28 September 2017	Yes
Study Aid Policy	30 November 2017	No
Cellphone Policy	30 November 2017	No
Relocation Policy	30 November 2017	No
Acting Allowance Policy	30 November 2017	No
Land Disposal Policy	27 March 2018	Yes
2018/2019 EPWP Policy	30 May 2018	No
Revised Appointment of Consultants Policy	30 May 2018	No
Property Rates Policy	30 May 2018	Yes

Policies developed/ revised	Date adopted	Public Participation Conducted Prior to adoption of policy Yes/No
Customer Care, Credit Control and Debt	30 May 2018	Yes
Collection Policy	30 May 2018	Yes
Bad Debt Write-off Policy	30 May 2018	Yes
Irregular Expenditure Policy	30 May 2018	Yes
Tariff Policy	30 May 2018	Yes
Funding and Reserve Policy	30 May 2018	Yes
Budget Policy	30 May 2018	Yes
Banking, Cash Management and Investment Policy	30 May 2018	Yes
Supply Chain Management Policy	30 May 2018	Yes
Preferential Procurement Policy	30 May 2018	Yes
Asset Management Policy	30 May 2018	Yes
Petty Cash Policy	30 May 2018	Yes
Indigent Policy	30 May 2018	Yes
Borrowing Policy	30 May 2018	Yes
2018/2019 Combined Assurance Framework	21 June 2018	No
2018/2019 Risk Management Policy	21 June 2018	No
2018/2019 Risk Management Strategy	21 June 2018	No
2018/2019 Overberg District Risk Management Implementation Plan	21 June 2018	No
2018/2019 Fraud & Risk Management Committee Charter	21 June 2018	No
2018/2019 Strategic and Operational Risk Registers	21 June 2018	No
2018/2019 Revised Audit- and Performance Audit Committee Charter	21 June 2018	No
ICT Strategic Plan	21 June 2018	No
Revised ICT Governance Framework	21 June 2018	No
Revised ICT Steering Committee Terms of reference	21 June 2018	No
Revised ICT Security Control Policy	21 June 2018	No
Revised ICT User Access Management Policy	21 June 2018	No
Revised ICT Disaster Recovery Plan	21 June 2018	No

Table:45 Policies Developed and Reviewed

2.10 COMMUNICATION

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa, 1996 and other statutory enactments all impose an obligation on local government and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

Good customer care is clearly of fundamental importance to any organisation. A successful communication strategy therefore links the people to the municipality's programme for the year. Below is a communication checklist of the compliance to the communication requirements:

Communication activities	Yes/No	Date Approved/Completed
Communication Strategy	Yes	2016
Communication Policy	Yes	2016
Functional complaint management systems	Yes	n/a

Table:46 Communication Activities

Newsletters

Type of Newsletter	Issues distributed	Circulation number	Frequency
Internal	2	300	Quarterly
External	3	2 000	Quarterly

Table:47 Newsletter

Awareness Campaigns

Topic	Description	Dates	Target Groups	Number of People Reached
Anti-Corruption & Fraud	Information provided to employees via the Internal / External Newsletter; Municipal Website; Social Media Platform	On-going campaign	Employees / All community members of the Swellendam Municipal area	1 500
Indigent Policy	Public IDP Meetings	On-going	All community members of the Swellendam Municipal area	1 200
Electricity usage	Advertisements in the External Newspaper; Social Media Platform	On-going campaign	All community members of the Swellendam Municipal area	1 500

Topic	Description	Dates	Target Groups	Number of People Reached
Housing Consumer Education	Housing Public Meetings	On-going	All community member of the Swellendam Municipal area	2 100
Customer Care	Advertisement and Promotion of Social Media Platform and SMS system	On-going campaign	All community member of the Swellendam Municipal area	5 233
Water Demand Management	Social Media platform; External Newsletter encouraging community members to use water sparingly	On-going campaign	All community member of the Swellendam Municipal area	5 233
Education	Social Media; External Newsletter Advertisement of Library School Holiday programmes	Quarterly basis	Scholars	1 800
Environment	Social Media; External Newsletter Illegal dumping awareness campaign	On-going campaign	All community member of the Swellendam Municipal area	5 233
Batho Pele Principles	The promotion of the Batho Pele Principles by means of posters/ External Newsletters; Social Media Platform; Website	On-going campaign	Employees/ All community member of the Swellendam Municipal area	2 225
Code of Conduct	The promotion of the Code of Conduct for employees by means of posters	On-going campaign	Employees	300

Table:48 Awareness Campaigns

Additional Communication Channels Utilised

Channel	Yes/No
SMS system	Yes
Call system and WhatsApp	Yes
Facebook	Yes
Flyers	Yes

Table:49 Additional Communication Channels Utilised

2.11 WEBSITE

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of Section 75 of the MFMA and S21A and B of the MSA as amended.

The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. It is a communication tool that should allow easy and convenient access to relevant information. The municipal website should serve as an integral part of the municipality's communication strategy.

The table below gives an indication about the information and documents that are published on our website.

Description of information and/or document	Yes/No
Municipal contact details (Section 14 of the Promotion of Access to Information Act)	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA)	
Draft Budget	Yes
Adjusted Budget	Yes
Asset Management Policy	Yes
Customer Care, Credit Control & Debt Collection Policy	Yes
Indigent Policy	Yes
Investment & Cash Management Policy	Yes
Rates Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
Virement Policy	Yes
Travel and Subsistence Policy	Yes
SDBIP	Yes
Budget and Treasury Office Structure	Yes
Integrated Development Plan and Public Participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)	
Reviewed IDP	Yes
IDP Process Plan	Yes

Description of information and/or document	Yes/No
Supply Chain Management (Sections 14(2), 33, 37 & 75(1)(e)&(f) and 120(6)(b) of the MFMA and Section 18(a) of the National SCM Regulation)	
List of capital assets that have been disposed	Yes
Long term borrowing contracts	Yes
SCM contracts above R30 000	Yes
Section 37 of the MFMA (Unsolicited Bids/Contracts)	Yes
Public invitations for formal price quotations	Yes
Reports (Sections 52(d), 71, 72 & 75(1)(c) and 129(3) of the MFMA)	
Annual Report	Yes
Oversight Reports	Yes
Mid-year Budget and Performance Assessment	Yes
Quarterly Reports	Yes
Monthly Budget Statement	Yes
Local Economic Development (Section 26(c) of the MSA)	
Local Economic Development Strategy	Yes
LED Policy Framework	Yes
Economic Profile	Yes
LED Projects	Yes
Performance Management (Section 75(1)(d) of the MFMA)	
Performance agreements for employees appointed as per Section 57 of the MSA	Yes

Table:50 Website Checklist

CHAPTER 3

This chapter provides an overview of the key service achievements of the Municipality that came to fruition during 2017/18 in terms of the deliverables achieved compared to the key performance objectives and indicators in the Integrated Development Plan (IDP).

3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

3.1.1 Legislative Requirements

The Constitution of the RSA, Section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of Section 195 (1) are also linked with the concept of performance management, with reference to the principles of inter alia:

- the promotion of efficient, economic and effective use of resources
- accountable public administration
- to be transparent by providing information
- to be responsive to the needs of the community
- to facilitate a culture of public service and accountability amongst staff

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the IDP to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation, but also to the individuals employed in the

organization as well as the external service providers and the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

In terms of Section 46(1)(a) of the MSA a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with the performance of the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that were or are to be taken to improve performance.

3.1.2 Organisational Performance

Strategic performance indicates how well the Municipality is meeting its objectives and whether policies and processes are working effectively. All government institutions must measure and report on their strategic performance to ensure that service delivery is done in an efficient, effective and economical manner. Municipalities must therefore develop strategic plans and allocate resources for the implementation. The implementation of the plans must be monitored on an on-going basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlights the strategic performance in terms of the Municipality's Top Layer SDBIP, high level performance in terms of the strategic objectives and performance on the National Key Performance Indicators as prescribed in terms of Section 43 of the MSA.

3.1.3 Performance Management System

a) Adoption of a Performance Management Framework

Council adopted a Performance Management Framework that drives performance management within the organisation. Performance management is the setting and measurement of desired outcomes and activities of the Municipality, the municipality's individual components and the staff who contributes to the achievement of its strategic vision. It is a multi-level process that starts with an overall strategy and cascades into individual performance management and appraisal.

The Performance Management System is web based and provided for the assessment of performance to the lowest level. The Municipality has already cascaded performance management down to post level 13. Senior Managers signs annual performance contracts, whilst the rest of the staff enters into performance management plans.

Senior Manager's performance bonuses are linked to their performance agreements. Other staff members are not being additionally remunerated for per performance as it is a tool to measure service delivery. However, a reward and recognition structure will be implemented once performance have been cascaded down to the lowest level.

b) The IDP and the Budget

The IDP and the budget for 2017/18 was approved by Council on 30 May 2017.

The IDP process and the performance management process is integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

The Municipality has since reviewed the Performance Management Framework and adopted a new Performance Management Framework .

In compliance with the framework, the Mayor approved the Top Layer SDBIP on 12 June 2017. The Top Layer SDBIP indicators are aligned with the budget, which was prepared in terms of the reviewed IDP. The indicators in the Top Layer SDBIP include indicators prescribed by legislation, indicators that will help to achieve the objectives adopted in the IDP and indicators that measure service delivery related responsibilities.

The actual performance achieved in terms of the Key Performance Indicators (KPIs) was reported on quarterly. The indicators and targets were adjusted after the finalisation of the previous year's budget and mid-year budget assessment. The Top Layer SDBIP was revised with the Adjustments Budget in terms of Section 26 (2)(c) of the Municipal Budget and Reporting Regulations and an amended Top Layer SDBIP was approved by Council.

The performance agreements of the senior managers were compiled and revised in terms of the SDBIP indicators, as well as the portfolio of evidence that supports the actual targets reported.

c) Actual Performance

The Municipality utilise an electronic web-based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- The actual result in terms of the target set
- All performance comments
- Actions to improve the performance in alignment with the designated target, if the target was not achieved

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results.

3.1.4 Monitoring of the Service Delivery Budget Implementation Plan

Municipal performance was measured in the following way:

- Quarterly reports were submitted to Council concerning the actual performance in terms of the Top Layer SDBIP
- The mid-year assessment was completed along with the submission of the mid-year report to the Mayor in terms of Sections 72(1)(a) and 52(d) of the MFMA in order to assess the performance of the Municipality during the first half of the financial year.

a) Organisational Performance

The organisational performance is monitored and evaluated via the SDBIP and the performance process can be summarised as follows:

- The Mayor approved the Top Layer SDBIP on 12 June 2017 and the information was loaded on the electronic web-based system.
- The web-based system routinely sent automated e-mails to the users of the system as a reminder to all staff responsible for updating their actual performance against KPIs targets by the 10th of every month for the previous month's performance.
- The performance agreements of the senior managers are aligned with the approved Top Layer SDBIP.

b) Municipal Manager and Managers Directly Accountable to the Municipal Manager

The MSA prescribes that the municipality must enter into performance based agreements with the all Section 57-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by Regulation 805 (August 2006). The performance agreements for the Municipal Manager and applicable directors for the 2017/18 financial year were signed on 1 November 2017.

The formal appraisal of the actual performance takes place twice per annum as regulated. The final evaluation of the 2016/17 financial year (1 January 2017 to 30 June 2017) took place on 4 October 2017 and the mid-year performance of 2017/18 (1 July 2017 to 31 December 2017) took place on 6 April 2018.

The appraisals were done by an evaluation panel as indicated in the signed performance agreements and in terms of Regulation 805 and consisted of the following people:

- Mayor
- Portfolio Councillor
- Municipal Manager
- Chairperson of the Audit Committee
- External Municipal Manager

3.2 INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2017/18

This section provides an overview of the key service achievements of the Municipality that came to fruition during 2017/18 in terms of the deliverables achieved against the strategic objectives of the IDP

3.2.1 Strategic Service Delivery Budget Implementation Plan (Top Layer)

This section provides an overview on the achievement of the municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer SDBIP assists with documenting and monitoring of the Municipality's strategic plan and shows the strategic alignment between the IDP, Budget and Performance plans.

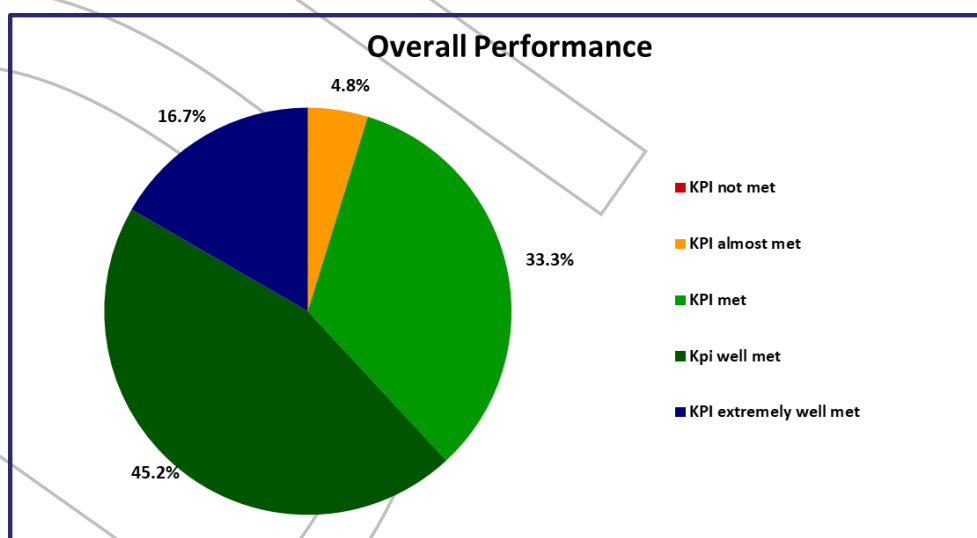
In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP KPI's applicable to 2017/18 in terms of the IDP strategic objectives.

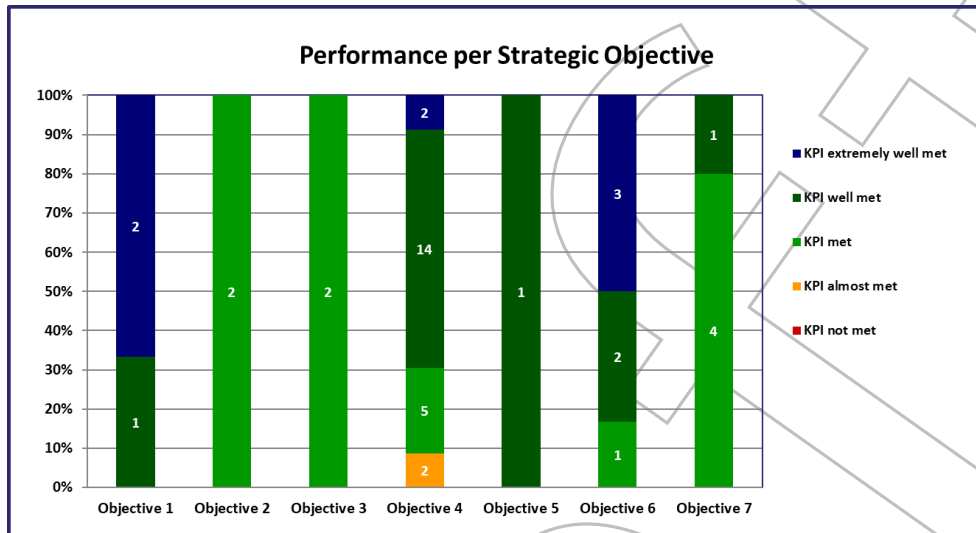
The following table explains the method by which the overall assessment of the actual performance against the targets set for the key performance indicators (KPI's) of the SDBIP are measured:

Category	Colour	Explanation
KPI Not Yet Measured		KPI's with no targets or actuals in the selected period
KPI Not Met		0% > = Actual/Target < 75%
KPI Almost Met		75% > = Actual/Target < 100%
KPI Met		Actual/Target = 100%
KPI Well Met		100% > Actual/Target < 150%
KPI Extremely Well Met		Actual/Target > = 150%

Figure 2: SDBIP Measurement Criteria

The overall performance results achieved by the Municipality in terms of the Top Layer SDBIP are indicated in the tables and graphs below:





Graph 4: Top Layer SDBIP per Strategic Objective

Measurement Category	Objective 1 <i>To create a capacitated, people-centered institution</i>	Objective 2 <i>To create a safe and healthy living environment</i>	Objective 3 <i>To develop integrated and sustainable settlements with the view to correct spatial imbalances</i>	Objective 4 <i>To enhance access to basic services and address maintenance backlogs</i>	Objective 5 <i>To enhance economic development with focus on both first and second economies</i>	Objective 6 <i>To improve financial viability and management</i>	Objective 7 <i>To promote good governance and community participation</i>
KPI Not Met	0	0	0	0	0	0	0
KPI Almost Met	0	0	0	2	0	0	0
KPI Met	0	2	2	5	0	1	4
KPI Well Met	1	0	0	14	1	2	1
KPI Extremely Well Met	2	0	0	2	0	3	0
Total	3	2	2	23	1	6	5

Table:51 Top Layer SDBIP per Strategic Objective

a) **Actual strategic performance for 2017/18 per strategic objective and corrective measures that will be implemented**

i) **To Create a Capacitated, People-Centered Institution**

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL18	The number of people from employment equity target groups employed in the three highest levels of management in compliance with the equity plan	Number of people employed	All	1	0	0	0	2	2	3	B
TL19	The percentage of the municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2018 [(Actual amount spent on training/total operational budget)x100]	% of the personnel budget spent on implementing the workplace skills plan by 30 June 2018	All	16%	0%	0%	0%	0.10%	0.10%	0.15%	G 2
TL20	Limit quarterly vacancy rate to less than 30% of funded posts [(Number of funded posts vacant / number of funded posts) x100]	% quarterly vacancy rate	All	9.23%	30%	30%	30%	30%	30%	8.14%	B

Table:52 To Create a Capacitated, People-Centered Institution

ii) **To Create a Safe and Healthy Living Environment**

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL26	Complete Phase 2 of the Railton Sports Stadium upgrade by 30 June 2018	Phase 2 of the Railton Sports Facility upgrade completed by 30 June 2018	4; 5	New KPI for 2017/18	0	0	0	1	1	1	G
TL27	Review the Disaster Management Policy by 31 March 2018	Disaster Management Policy reviewed by 31 March 2018	All	0	0	0	1	0	1	1	G

Table:53 To Create a Safe and Healthy Living Environment

iii) To Develop Integrated and Sustainable Settlements with the View to Correct Spatial Imbalances

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL42	Complete the construction of 35 Housing Units in Suurbraak by 30 June 2018	Number of housing units constructed in Suurbraak by 30 June 2018	2	New KPI for 2017/18	0	0	0	35	35	35	G
TL43	Transfer of 8 Nitrophoska title deeds to beneficiaries by 30 June 2018	Number of Nitrophoska title deeds transferred to beneficiaries by 30 June 2018	4	New KPI for 2017/18	0	0	0	8	8	8	G

Table:54 To Develop Integrated and Sustainable Settlements with the View to Correct Spatial Imbalances

iv) To Enhance Access to Basic Services and Address Maintenance Backlogs

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL1	Number of formal residential properties that receive piped water that is connected to the municipal water infrastructure network as at 30 June 2018	Number of residential properties which are billed for water or have pre paid meters as at 30 June 2018	All	6196	0	6,138	0	6,196	6,196	6,429	G 2
TL2	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) as at 30 June 2018	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2018	All	6083	0	6,128	0	6,083	6,083	6,404	G 2
TL3	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2018	Number of residential properties which are billed for sewerage as at 30 June 2018	All	6425	0	6,087	0	6,425	6,425	6,001	O
Corrective action		The target was incorrectly set. The measures that will be taken to improve performance will be to base the targets on audited and accurate information and to revise the targets during the adjustment budget processes. In addition, a proper review of the targets set will be done before approval									
TL4	Number of formal residential properties for which refuse is removed once per week as at 30 June 2018	Number of residential properties which are billed for refuse removal as at 30 June 2018	All	6139	0	6,123	0	6,139	6,139	6,054	O

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
Corrective action		The target was incorrectly set. The measures that will be taken to improve performance will be to base the targets on audited and accurate information and to revise the targets during the adjustment budget processes. In addition, a proper review of the targets set will be done before approval									
TL5	Provide 6kl free basic water to indigent and poor households in terms of the approved indigent policy	Number of indigent and poor households receiving free basic water	All	1930	0	1,880	0	1,930	1,930	1,975	G 2
TL6	Provide 50kwh free basic electricity to indigent households in terms of the approved indigent policy	Number of indigent households receiving free basic electricity	All	1786	0	1,755	0	1,786	1,786	1,811	G 2
TL7	Provide 20kwh free basic electricity to poor households in terms of the approved indigent policy	Number of poor households receiving free basic electricity	All	144	0	125	0	144	144	164	G 2
TL8	Provide free basic sanitation to indigent households in terms of the approved indigent policy	Number of indigent households receiving free basic sanitation	All	1930	0	1,786	0	1,786	1,786	1,811	G 2
TL9	Provide free basic refuse removal to indigent households in terms of the approved indigent policy	Number of indigent households receiving free basic refuse removal	All	1930	0	1,786	0	1,786	1,786	1,811	G 2
TL14	Limit unaccounted for water to less than 30% by 30 June 2018 {(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified x100}	% unaccounted for water by 30 June 2018	All	23%	0%	30%	0%	30%	30%	21.52%	B
TL15	Limit unaccounted for electricity to less than 15% by 30 June 2018 {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated) x100}	% unaccounted for electricity by 30 June 2018	All	9.95%	0%	15%	0%	15%	15%	9.66%	B
TL28	90% of the roads and storm water maintenance budget spent by 30 June 2018 {(Actual expenditure on maintenance divided by the total approved	% of the maintenance budget spent by 30 June 2018	All	96%	15%	30%	60%	90%	90%	97%	G 2

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
	maintenance budget)x100}										
TL29	90% of the electricity maintenance budget spent by 30 June 2018 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent by 30 June 2018	All	96%	15%	30%	60%	90%	90%	94%	G 2
TL30	90% of the waste water maintenance budget spent by 30 June 2018 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent by 30 June 2018	All	96%	15%	30%	60%	90%	90%	90%	G
TL31	90% of the water maintenance budget spent by 30 June 2018 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent by 30 June 2018	All	95%	15%	30%	60%	90%	90%	90%	G
TL32	90% of the refuse maintenance budget spent by 30 June 2018 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent by 30 June 2018	All	98%	15%	30%	60%	90%	90%	98%	G 2
TL33	85% microbiological quality level achieved for water as per SANS 241	% microbiological water quality level achieved as per SANS 241 criteria	All	89.80%	85%	85%	85%	85%	85%	99.9%	G 2
TL36	Complete the progress Suurbraak upgrade Bulk Water Scheme: Phase 1 (first portion) Water Treatment Works by 30 June 2018 (milestone certificate)	Number of upgrades completed at the Suurbraak Bulk Water Scheme: Phase 1 (first portion) Water Treatment Works by 30 June 2018	3	New KPI for 2017/18	0	0	0	1	1	1	G
TL37	Upgrade Phase1 Barrydale bulk water Infrastructure by 30 June 2018	Number of Phase 1 Barrydale Bulk water Infrastructure upgraded by 30 June 2018	2	New KPI for 2017/18	0	0	0	1	1	1	G

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL39	Complete progress on the Upgrading of Phase 2 first portion Railton gravel roads and stormwater channels by 30 June 2018	Number Upgrades completed of Phase 2 (first phase) Railton gravel roads and stormwater channels by 30 June 2018 completed	4; 5	New KPI for 2017/18	0	0	0	1	1	1	G
TL40	95% spent of the capital budget allocated for the Upgrade of the protection for the Swellendam main substation, by 30 June 2018	% of budget spent	All	New KPI for 2017/18	0%	0%	0%	95%	95%	100%	G 2
TL44	Provide discounted basic sanitation to poor households in terms of the approved indigent policy (50% discount)	Number of poor households receiving discounted basic sanitation	All	New KPI for 2017/18	0	144	0	144	144	164	G 2
TL45	Provide discounted basic refuse removal to poor households in terms of the approved indigent policy (50% discount)	Number of poor households receiving discounted basic refuse removal	All	New KPI for 2017/18	0	144	0	144	144	164	G 2

Table:55 To Enhance Access to Basic Services and Address Maintenance Backlogs

v) To Enhance Economic Development with Focus on Both First and Second Economies

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL35	Create temporary work opportunities in terms of EPWP by 30 June 2018	Number of temporary works created by 30 June 2018	All	122	44	17	42	42	145	211	G 2

Table:56 To Enhance Economic Development with Focus on Both First and Second Economies

vi) To Improve Financial Viability and Management

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL10	The percentage of a municipality's capital budget actually spent by 30 June 2018[(Amount actually spent on capital projects/ Amount budgeted for capital projects)x100]	(Amount actually spent on capital projects/ Amount budgeted for capital projects)x100	All	72%	0%	40%	0%	80%	80%	80.4%	G 2
TL11	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2018 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	Debt to Revenue as at 30 June 2018	All	16%	0%	0%	0%	25.3%	25.3%	19.35%	B
TL12	Financial viability measured in terms of the outstanding service debtors as at 30 June 2018(Total outstanding service debtors/ revenue received for services)	Service debtors to revenue as at 30 June 2018	All	8%	0%	0%	0%	18%	18%	7.71%	B
TL13	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2018 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Cost coverage as at 30 June 2018	All	23%	0%	0%	0%	1.80%	1.80%	2.92%	B
TL16	Achieve a debtors payment percentage of 95% by 30 June 2018 ((Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue) x 100	Debtors payment percentage as at 30 June 2018	All	106%	95%	95%	95%	95%	95%	101.97%	G 2

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL17	Approve an action plan to address all the issues raised in the management letter of the Auditor General by 31 December 2017	Approved action plan by 31 December 2017 by MM	All	1	0	1	0	0	1	1	G

Table:57 To Improve Financial Viability and Management

vii) To Promote Good Governance and Community Participation

Ref	KPI	Unit of Measurement	Ward	Actual performance for 2016/17	Overall Performance 2017/18						
					Target					Actual	R
					Q1	Q2	Q3	Q4	Annual		
TL21	Oversee the draft annual report i.t.o. the MFMA and submit to Council by 31 January 2018	Draft report submitted to Council by 31 January 2018	All	1	0	0	1	0	1	1	G
TL22	Review the Policy on Municipal property Management by June 2018	Municipal Property Management by June 2018	All	1	0	0	0	1	1	1	G
TL23	Complete the annual risk assessment and submit to the audit committee by 30 June 2018	Completed risk assessment submitted to audit committee by 30 June 2018	All	1	0	0	0	1	1	1	G
TL24	Compile the Risk Based Audit Plan (RBAP) and submit to the Audit Committee by 30 June 2018	RBAP submitted to the Audit Committee by 30 June 2018	All	1	0	0	0	1	1	1	G
TL25	90% of the RBAP for 2017/18 implemented by end June 2018 [(Number of audits and tasks completed for the period/ Number of audits and tasks identified in the RBAP)x100]	% of the RBAP implemented	All	100%	0%	0%	0%	90%	90%	100%	G 2

Table:58 To Promote Good Governance and Community Participation

3.2.2 Service Providers Performance

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. A service provider:

- means a person or institution or any combination of persons and institutions which provide a municipal service to or for the benefit of the local community
- means an external mechanism referred to in Section 76(b) which provides a municipal service for a municipality
- service delivery agreement means an agreement between a municipality and an institution or person mentioned in Section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

During the year under review the Municipality did not appoint any service providers who provided a municipal service to or for the benefit of the local community on behalf of the Municipality and therefore this report contains no such details. All other contract appointments are regularly monitored and ensured, that the requirements of the contract are complied with.

3.2.3 Municipal Functions

a) Analysis of Functions

The table below indicates the functional areas that the municipality are responsible for in terms of the Constitution:

Municipal Function	Municipal Function (Yes/ No)
Constitution Schedule 4, Part B functions:	
Air pollution	No
Building regulations	Yes
Child care facilities	Yes
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	Yes
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No
Pontoons, ferries, jetties, piers and harbors, excluding the regulation of international and national shipping and matters related thereto	No

Municipal Function	Municipal Function (Yes/ No)
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Constitution Schedule 5, Part B functions:	
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

Table:59 Functional Areas

COMPONENT A: BASIC SERVICES

This component includes basic service delivery highlights and challenges, includes details of services provided for water, waste water (sanitation), electricity, waste management, housing services and a summary of free basic services.

3.3 WATER PROVISION

3.3.1 Introduction to Water Services

The status of the provision of water infrastructure as key municipal service for each of the towns, villages and hamlets in the municipal area are as follows:

Swellendam – The upper reaches of the Klipperivier are the main water source for the town of Swellendam. The water source (raw water) for the town of Swellendam is adequate and can accommodate future growth. However, with the current change in weather patterns compels the Infrastructure Department to urgently investigate other raw water sources and upgrade the existing. Consulting Engineers has been tasked to do these investigations.

Water is extracted from the source via a weir into a 450mm diameter pipe that is routed to a distribution chamber. From here it is distributed by means of a 250mm diameter pipe to the Swellendam Water Treatment Works (WTW). Surplus water is routed to three conservancy dams, namely Grootkloof 1, 2 and 3. An additional conservancy dam (Grootkloof 4) needs to be constructed in future to accommodate future growth. The WTW was upgraded as in 1991. The Municipality is busy with the planning phase of the upgrading of the WTW to accommodate for future demand and to comply to Blue Drop Certification. Five reservoirs are available in Swellendam to provide storage capacity for potable water. Water pressure and reticulation capacity has been identified in the Bakenskop area of Swellendam and a second reservoir need to be constructed for the involved area to address the problems experienced. The water reticulation network is adequate, although the completion of various ring feeds in the network can improve water distribution management. Portions of the water reticulation network for Swellendam was installed in 1921 and need urgent replacement. Water losses incurred through water pipe breakages will in the near future result in considerable potable water losses and affect income streams.

Barrydale– The Huis River is the main water source for both potable and irrigation water for the town of Barrydale. The Municipality has a water right of 78 hours per week from the water source. The water extracted from the water source is stored in two separate reservoirs for potable water and two dams for irrigation water. The storage capacity for water must be urgently enlarged, to ensure the availability of potable water for future growth and during the dry season. The availability of water for use by the town need to be augmented, and the use of boreholes as sources of water will have to be investigated in the near future. A new water treatment facility was constructed in 2005 for Barrydale. To allow for future growth of the town, the capacity of the facility need to be upgraded again. Purified water is stored in five reservoirs in the reticulation system, for distribution to the various residential areas of the town. To optimize the storage and distribution of potable water, the reticulation system of Barrydale need to be revised and upgraded. At present a project

to upgrade the raw water channel to the town is completed. High Density Polyethylene (HDPE) lining is fitted to the inner of the channel and two raw water reservoirs. This initiative will reduce the loss of water due to seepage of water through the weathered concrete channel.

Suurbraak – The water source for Suurbraak is located at the origin of a tributary of the Buffeljagsrivier up in the Langeberg Mountain. The water received from the water source is piped and routed through the Buffeljagsrivier to the WTW in Suurbraak. The WTW is in the process of upgrading. No storage facility for raw water, before treatment, is available and the lack thereof is considered a weakness in the water provision system of Suurbraak. The purified water is pumped to five small reservoirs in the reticulation system for Suurbraak, for further distribution. The reservoirs available for the storage of potable water is insufficient and capacity need to be upgraded. The water reticulation system has not been extended to even north of the Buffeljagsrivier and the few individuals occupying residency there on a fulltime basis, obtain their water from rainwater storage facilities. The extension of the water distribution network to the involved area is not a present a priority because of the low occupancy rate of the area and due to other urgent priorities, that need to be addressed.

Rietkuil – The rural area known as Rietkuil, is an adjoining small holding area supplied with potable water by the Overberg Water Board, an independent water board under the auspices of the National Department of Water Service (DWS). The transfer of the Rietkuil Water Scheme to the Municipality of Swellendam is being negotiated with the DWS.

Buffeljagsrivier – The village of Buffeljagsrivier is supplied with raw water by an open irrigation channel from the Buffeljags Dam. The water is treated in the WTW of the village and then stored in two reservoirs for distribution. The WTW has been upgraded and a second reservoir has been constructed. The capacity of the current water supply storage facility, as well as the WTW, are sufficient to accommodate the residents of the village in terms of supply demand or to ensure good quality potable water. The Buffeljags water reticulation system is in the planning phase.

Infanta – Water supply for domestic and other uses are provided by the residents themselves, either by means of rainwater collection or from boreholes. Water used is treated individually for domestic consumption. No municipal water provision service is currently rendered to the village of Infanta. Concerns exist about the future use of boreholes, because the area is serviced by soak away sanitation septic tanks, which may be contaminating ground water. Long term solutions for the supply of potable water are presently being investigated. The lack of available water sources for domestic consumption is restricting the further development of the village.

Malagas – Some of the properties in the village have access to potable water supplied by the Overberg Water Board, while others make use of water sources such as rainwater collection, ground water from boreholes or water pumped directly from the Breede River. Water used is treated individually for domestic consumption. No municipal water provision service is rendered to the village of Malagas.

Stormsvlei - Water supply for domestic and other uses are provided by residents themselves, by means of rainwater collection, from boreholes or water pumped directly from the Sonderend River. Water used is treated individually for

domestic consumption. No municipal water provision service is currently rendered to the hamlet of Stormsvlei, because of various reasons, such as sustainability and viability.

Other rural areas – The Overberg Water Board is the main supplier of potable water to the rural areas. On agricultural holdings rivers and groundwater sources provide water for irrigation and farming purposes. The largest dam in the Swellendam municipal area is the Buffeljags Dam, with a storage capacity of 5 370 thousand million cubic meters of water. Various rural settlements and farm schools experience problems with sustainable access to and consistency of water sources, and the quality of the water available for domestic usage. Farm schools are in some instances serviced by municipal water tankers, to supply water for basic sanitation and human consumption. Service delivery contracts for the supply of potable water to communities are being negotiated with the Overberg Water Board.

Water losses are reduced to the minimum, the average water losses for 2017/18 was 21.52% compared to 23.9% in 2016/17. These losses are measured from the source to the sector meters. These losses include the losses in the purification works.

3.3.2 Highlights: Water Services

The table below specifies the highlights for the year:

Highlight	Description
Upgrade of the raw water supply channel in Barrydale	Upgrade of the raw water supply channel in Barrydale included the rehabilitation of the existing raw water channel, installation of a split box and the upgrade of the weir at the Donkergat primary water source
Upgrade of 2 holding Reservoirs Barrydale WTW	Upgrade of 2 holding Reservoirs Barrydale WTW included the rehabilitation of existing holding reservoirs, upgrade of the water supply to the WTW and the construction of new ablution facilities
Upgrade of the Barrydale reticulation system	Upgrade 200m of water distribution network
Upgrade of the Hemitage pump station in Swellendam	A perimeter fence at the Hermitage raw water pump station were constructed
Upgrade of the Buffeljagsrivier WTW	The perimeter fence at the Buffeljagsrivier WTW were upgraded
Upgrade of the Suurbrak pump station	Upgrade on the motors and electrical supply of two raw water pumps were completed
Upgrade of Railton booster pump station	Upgrade on the motors and electrical supply of two booster water pumps were completed
Water supply and pressure demand in the Pressure Management System (PRV) distribution zone in Swellendam	Installation of an additional 240m primary water main from Bakenskop Reservoir was completed, as well as an additional air valve system. The existing air and pressure reducing valves were also upgraded

Table:60 Water Services Highlight

3.3.3 Challenges: Water Services

The table below specifies the challenges for the year:

Description	Actions to address
Aging distribution networks	Budgetary provision must be made and external funding sources must be investigated
Lack of regular pump, mechanical and electrical maintenance	The appointment of an external service provider must be investigated
Lack of sufficient funding	Budgetary provision must be made and external funding sources must be investigated
Aging raw water supply pumps in Barrydale and Swellendam	Budgetary provision must be made and external funding sources must be investigated
Sourcing of future raw water supply	Additional or alternative raw water supply must be investigated
Insufficient capacity for the storage of potable water in Suurbraak reservoirs	Funding must be sourced for the upgrade of reservoirs to increase the storage capacity

Table:61 Water Services Challenges

3.3.4 Service Delivery Levels: Water Services

The table below specifies the service delivery levels for the year:

Water Service Delivery Levels		
Households		
Description	2016/17	2017/18
	Actual	Actual
	No.	No.
<i>Water:</i> (above min level)		
Piped water inside dwelling	6 196	6 429
Total number reflects the number of residential properties which are billed for water or have pre-paid meters		

Table:62 Water Service Delivery Levels: Households

3.3.5 Employees: Water Services

The following table indicates the staff composition for this division:

Job Level	2017/18			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	14	11	3	21.4
4 - 6	5	2	3	60
7 - 9	15	9	6	40

Job Level	2017/18			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
10 - 12	1	0	1	100
13 - 15	3	3	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
*P.T.I.	1	1	0	0
Total	39	26	13	33.33

**P.T.I. – personnel to incumbent
Employees and Posts numbers are as at 30 June*

Table:63 Employees: Water Services

3.3.6 Capital: Water Services

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Barrydale pipe replacement	200 000	175 014	182 567	(7 553)	405 467
Swellendam WTW - Dosing flocculent Milton Roy No 1	60 000	17 959	17 959	0	17 959
Swellendam WTW - Dosing flocculent chemical Pump No 1	60 000	17 959	17 959	0	17 959
Barrydale WTW - Dosing Flocculent Chemical Pump No 1	60 000	17 959	17 959	0	17 959
Security fence for water pumpstation - Hermitage	90 000	90 000	90 000	0	90 000
Bakenskop reservoir level sensor control	45 000	0	0	0	0
Railton reservoir level sensor control	45 000	0	0	0	0
Suurbraak water purification and reservoir	1 196 181	0	0	0	0
Barrydale bulk water infrastructure	2 854 386	4 298 850	4 297 188	1 662	7 475 501
Suurbraak Upgrade Bulk Water Scheme WTW: Ph1-ph4	0	1 489 202	1 489 203	(1)	43 588 534
Total	4 610 567	6 106 943	6 112 834	(5 891)	51 613 379

Total project value represents the estimated cost of the project on approval by Council

Table:64 Capital Expenditure 2017/18: Water Services



3.4 WASTE WATER (SANITATION) PROVISION

3.4.1 Introduction to Waste Water (Sanitation) Provision

Swellendam operates 4 Waste Water Treatment Works (WWTW), 1 in Swellendam, Buffeljagsrivier, Suurbraak and Barrydale respectively. All residents have access to basic sanitation services, however the provision of sanitation infrastructure for towns, villages and hamlets of the municipal area, is mainly determined by access to a sustainable water source. Only areas with sufficient available water can be serviced by waterborne sewerage systems. In the absence of such systems, sewerage suction services, septic tanks, soak away sanitation facilities and conservancy sewerage tanks must be used for sanitation purposes. The status of the provision of sanitation infrastructure as key municipal service for each of the involved towns, villages and hamlets in the municipal area are as follows:

Swellendam – The Klipperivier WWTW and the N2 main pump station are the main facilities in operation for the town of Swellendam. The existing Klipperivier WWTW, located on the north-west urban edge of the town, is the latest activated sludge aerating system that replaced the original N2 WWTW. The upgrade of the Klipperivier WWTW also allows for the creation of capacity for the future growth of the town of Swellendam for the next 10-years. The construction of the Swellendam Klipperivier WWTW was completed in 2013, to the sum of R64 million. The control must be from a control center by means of telemetry communication. The grant funding was obtained from various government grant fund sources. The limitation of the funding forces the engineers to reduce the design to basic functionality, which reduces the operational and maintenance requirements of the plant.

The existing sewerage works are fast progressing towards exceeding its capacity and the upgrade of sewerage disposal capacity is a very high priority. The sewerage reticulation system for the town is more than 50 year old and the pipe network need to be replaced and upgraded to provide for sufficient level of service for new developments resulting from the densification of the urban area.

Barrydale – The older part of Barrydale is serviced by conservancy sewerage tanks, while the newer residential area of Smitsville has a waterborne sewerage system. The WWTW in Barrydale has not been completed and consist of oxidation tanks. The sewerage purification system is therefore problematic and need urgent upgrade. The present location of the Smitsville WWTW is also problematic, because it is restricting the future extension of the adjoining residential area (Smitsville) and can only service the Smitsville residential area, because of the restricting topography. Consideration must therefore be given for relocation, to provide a sewerage treatment plant that can service the Barrydale, as well as future developments. The treatment plant is also lacking capacity and need to be expanded significantly to comply to purification standards and to serve the entire urban area. The planning for this project has already started and is considered a priority.

The Smitsville booster pump station has been upgraded, with the replacement of one of the two pumps, but the pipeline to the sewerage purification works need to be enlarged to suite the ever-growing demand for more housing in Smitsville.

Suurbraak – Nearly all houses (750 units) on the south side of the Buffeljagsrivier have waterborne sewerage. All sewerage gravitates to a pump station on the north-eastern edge of the town, from where it is pumped to a sewerage treatment plant located on the western edge of the town. The pumping system used, require maximum maintenance and must be considered a limiting factor in the effectiveness of the system and the management of capacity. The rising main connecting the pump station and treatment plant is also inadequate and need to be upgraded. The capacity and quality of the treatment plant is inadequate and cannot accommodate any future growth. Several alternatives are under investigation to address the problems experienced.

The erven to the north of Suurbraak have not yet been provided with waterborne sewerage and are making use of conservancy sewerage tanks. The Municipality entered into a memorandum of understanding with the Department Rural Development and Land Reform to collectively fund the establishment of a new WWTW that will increase the capacity and reduce the backlog.

Consulting Engineers finalised the design during the financial year. The upgrading project was subdivided into 4 phases. Funds have been sought from the Department of Rural Development and Land Reform, as well as the Municipal Infrastructure Grant (MIG).

Buffeljagsrivier – All houses in the village of Buffeljagsrivier have waterborne sewerage connections. The capacity of the present WWTW is sufficient to serve 400 houses. The location of the treatment plant is limiting future development possibilities.

The main challenge in Buffeljags is that there is no sewerage reticulation amongst the Agri-industries such as the cheese factory, the fruit packaging stores, the BP filling station and all the schools.

Infanta – No waterborne sewerage system is used in the village. Sewerage is dealt with by means of in-situ conservancy and septic sewerage tanks. The replacement of the sewerage system is under investigation, because of the high risk of contaminating the ground water of the village. This problem is restricting further development of the village and a solution is urgently required.

Malagas – No waterborne sewerage system is used in the village. Sewerage is dealt with by means of in-situ conservancy sewerage tanks, septic sewerage tanks and soak-away sanitation facilities. A sewerage suction service is rendered by the Municipality. Serious concerns have been expressed on the negative impact that the sewerage system might have on the Breede River. The replacement of the present sewerage system is under investigation.

Other rural areas – A sewerage suction service is rendered for households and schools within the rural area. The projection is that this service will need to be extended in future, as the type of sanitation facilities used in the rural area are changed from soak away sewerage facilities to conservancy sewerage tanks and septic tanks.

3.4.2 Highlights: Waste Water (Sanitation) Provision

The table below specifies the highlights for the year:

Highlights	Description
Installation of new sewer pump in Smitsville, Barrydale	A submersible sewerage pump was installed at the Smitsville sewerage pump station to assist with sewerage inflow and to create additional capacity
Upgrade of the Silo pump station, Koorland Street, Swellendam	A dry well sewerage pump has been installed at the Koorland Street sewerage pump station to assist with sewerage inflow and to create additional capacity
Cleaning and landscaping at the WWTW's	Cleaning and landscaping were done at the Klipperivier, Suurbraak, Barrydale and Buffeljagsrivier WWTW
Sewerage reticulation: Shand Street, Swellendam	Rehabilitate and replace collapsed pitch fibre sewerage main

Table:65 Waste Water (Sanitation) Provision Highlight

3.4.3 Challenges: Waste Water (Sanitation) Provision

The table below specifies the challenges for the year:

Description	Actions to address
A lack of a waterborne sewerage system in the older town of Barrydale	Applications must be submitted to MIG in order to obtain funding
Ageing sewerage suction vehicles	Budgetary provision for the replacement of vehicles
Upgrade of the Suurbraak WWTW	Applications must be submitted to MIG in order to obtain funding

Table:66 Waste Water (Sanitation) Provision Challenges

3.4.4 Services Delivery Levels: Waste Water (Sanitation) Provision

The table below specifies the different sanitation service delivery levels per households for the financial years 2016/17 and 2017/18 in the areas in which the Municipality is responsible for the delivery of the service:

Description	Households	
	2016/17	2017/18
	Outcome	Actual
	No.	No.
Sanitation/sewerage: (above minimum level)		
Flush toilet (connected to sewerage)	6 425	6 001
Total reflects the number of residential properties which are billed for sewerage		

Table:67 Waste Water (Sanitation) Provision Service Delivery Levels

3.4.5 Employees: Waste Water (Sanitation) Provision

The following table indicates the staff composition for this division:

Job Level	2017/18			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 – 3	10	3	7	70
4 - 6	5	4	1	20
7 - 9	2	2	0	0
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
*P.T.I.	1	1	0	0
Total	18	10	8	44.44

**P.T.I. – personnel to incumbent
Employees and Posts numbers are as at 30 June*

Table:68 Employees Waste Water (Sanitation) Provision

3.4.6 Capital: Waste Water (Sanitation) Provision

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Pump replacement - Barrydale Smitsville No 1	180 000	178 340	178 340	0	183 340
Suurbraak WWTW	2 192 982	0	0	0	0
Monitoring Devices	120 000	98 860	98 912	(52)	98 912
Suurbraak upgrading of WWTW	0	651 581	651 581	0	2 523 208
Drum screen	0	213 200	213 200	0	213 200
Total	2 492 982	1 141 981	1 142 033	(52)	3 018 660

Total project value represents the estimated cost of the project on approval by Council

Table:69 Capital Expenditure 2017/18: Waste Water (Sanitation) Provision

3.5 ELECTRICITY

3.5.1 Introduction to Electricity

Local Government holds executive authority over electricity reticulation in accordance with the Constitution. Furthermore, the Electricity Regulating Act makes provision for the establishment of the National Energy Regulator that sets specific standards and guidelines concerning the distribution of Electricity Distribution Licenses. This places a responsibility on municipalities to ensure the provision of electricity services to communities in a sustainable manner for economic and social support.

Eskom provides grid electricity for further distribution in Swellendam, Barrydale and Suurbraak. Eskom undertakes electrical distribution for all other communities such as Buffeljagsrivier and the rural areas, which include Malagas and Infanta – all of which are under the municipal area. The electricity losses for 2017/18 were limited to 9.66% compared to the 9.95% losses in 2016/17.

The status of the provision of electrical infrastructure as a key municipal service in Swellendam, Barrydale and Suurbraak is as follows:

Swellendam – The current and projected growth of Swellendam is placing enormous strain on the current electricity supply capacity provided by Eskom. Considerable upgrading of Eskom supply points and the bulk electrical infrastructure must be prioritised as a matter of urgency. The completion of an electrical master plan confirmed the constraints and various projects are in progress to address the electrical infrastructural and supply constraints. The projects as per the Electricity Master Plan must be implemented to replace old, unsafe switchgears and old low - and high- voltage (LV and HV) Lines.

In Railton 630 (year to date) new connections to the informal settlement were made as part of the Integrated National Electrification Programme (INEP) grant funding received from the Department of Energy (DOE).

Barrydale – The Eskom substation is operational for consistent supply to Barrydale with its own dedicated feeder and has significantly improved the electrical supply to Barrydale consumers. The electrical distribution infrastructure needs to be upgraded and capital to fund the electrical infrastructure, is of the essence.

Suurbraak – The electrical distribution network capacity is sufficient for any further development in this area. The overhead 11 kV distribution network in Suurbraak is in need of upgrade. Master planning for the supply of electricity in Suurbraak has been completed and the plan initiatives, for the established constraints and problems, can now be prioritised for implementation. Provision must be made in future capital budgets to attend to these matters.

Several operational electrical maintenance projects were conducted during the financial year. The Railton electrification and connections were successfully completed within the available budget and timeframes. However, the Suurbraak electrification and connections could not be completed due to constraints concerning the housing project.

3.5.2 Highlights: Electricity

The table below specifies the highlights for the year:

Highlights	Description
Upgrade of the Bethel sub-station	Upgrade of Bethel sub-station protection relay's and installation of a new feeder cable to the Railton switching station
Reduction in electrical losses	A consistent decrease in electrical losses over the past 3-year consecutive financial years

Table:70 Electricity Highlights

3.5.3 Challenges: Electricity

The table below specifies the challenges for the year:

Description	Actions to address
Ageing infrastructure	Budgetary provision must be made and additional funding sourced to replace ageing infrastructure
Upgrade of the notified maximum demand (NMD)	Funding must be secured to upgrade from a 10.5 Mega Volt Ampere (MVA) transformer to a 12.5 MVA transformer to cater for the housing pipeline project in Swellendam
Insufficient streetlights	Budgetary provision must be made for the upgrade of streetlights to meet the adequate general lighting (lux) levels

Table:71 Electricity Challenges

3.5.4 Service Delivery Levels: Electricity

The table below specifies the service delivery levels for the year:

Description	Households	
	2016/17	2017/18
	Actual	Actual
	No.	No.
Energy: (above minimum level)		
Electricity (at least min. service level)	877	841
Electricity - prepaid (min. service level)	5 206	5 563
Minimum Service Level and Above sub-total	6 083	6 404

Table:72 Electricity Service Delivery Levels

3.5.5 Employees: Electricity

The following table indicates the staff composition for this division:

Job Level	2017/18			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 – 3	1	0	1	100
4 - 6	20	7	0	30
7 - 9	6	4	2	33.3
10 - 12	6	4	2	33.3
13 - 15	2	2	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
*P.T.I.	0	0	0	0
Total	35	17	5	14.3

**P.T.I. – personnel to incumbent
Employees and Posts numbers are as at 30 June*

Table:73 Employees: Electricity Services

3.5.6 Capital: Electricity

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Upgrade of protection at substations	100 000	85 482	85 482	0	85 482
Lickstick 8 lid	6 500	6 300	6 300	0	6 300
Telescopic chainsaw	10 000	6 250	6 250	0	6 250
Swellendam Escom supply, control panel substation upgrading	1 754 386	1 754 386	1 739 822	14 564	1 739 822
Electrification of Railton Phase 2 and 3	0	279 235	277 248	1 987	9 872 549
Isuzu 240i 4x4	75 000	72 948	72 948	0	72 948
Streetlights projects	350 877	0	0	0	0
Total	2 296 763	2 204 601	2 188 050	16 551	11 783 351

Total project value represents the estimated cost of the project on approval by Council

Table:74 Capital Expenditure 2017/18: Electricity

3.6 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

3.6.1 Introduction to Waste Management

Swellendam Municipality renders a solid waste management service to all the residents. Waste collections takes place on a weekly basis for all residents and businesses.

The Municipality has five main waste management sites situated in Infanta, Barrydale, Malagas, Suurbraak and Swellendam. All facilities, except for Bontebok and Suurbraak, are licensed. However, only Bontebok will remain operational in the coming years.

All household refuse from Infanta and Malagas is transported to the Bontebok site by means of outsourced services. The Swellendam Bontebok Landfill Site is situated 1.2 km south of the N2, adjacent to the Swellengrebel Road leading to the Bontebok National Park. The site can be extended towards the railway line in the South West. Refuse transfer stations have been established at Infanta, Matjieskloof, Lemoenfontein and Malagas where waste is collected on a weekly basis and transported to the Bontebok Landfill Site. Household refuse from Barrydale, Suurbraak and Buffeljagsrivier is collected on a door-to-door basis and transported to the Bontebok Landfill Site.

The Municipality has a weekly waste removal service in Swellendam, Suurbraak, Barrydale and other smaller settlements like Buffeljagsrivier where waste in bags are collected and transported to the Swellendam Landfill Site. Domestic waste is removed from all residential and business zones within Swellendam service area and disposed at the Bontebok Landfill Site. The service is limited to a black bag system for domestic refuse. Garden refuse must be removed and delivered to the landfill site by the residents themselves. The Municipality has stopped the unauthorised removal of recyclable refuse by salvagers and has created an opportunity for a private person to establish a proper recycle facility which is in operation at Bontebok Landfill Site. Agri-World Recycling, a privately-owned company, started operation on 11 November 2014. Agri-World Recycling recycles paper, glass, plastic, tin and cardboard. It is estimated that only 12% of the recyclable waste received will be send to the Bontebok Landfill Site as and when the facility is in full operation. The environmental impact assessment for this facility was approved in the 2015/16 financial year at the cost of Agri-World Recycling.

The management of the Bontebok Landfill Site, that posed a huge challenge, has been addressed. This process that started during September 2013, have gained momentum in the current financial year and the site has been properly reconstructed and cleaned up. A proper fence has been erected in the 2016/17 financial year.

3.6.2 Highlights: Waste Management

The table below specifies the highlights for the year:

Highlights	Description
Improved compliance rating	The Municipality achieved a 15% higher compliance rating in 2017/18 compared to the previous year, holding an amber status. The Department acknowledged efforts that were made and congratulated the Municipality
Environmental Protection and Infrastructure Programs (EPIP)	The Municipality successfully completed an EPIP project to the value of R7 million at the Bontebok Waste Disposal Facility (WDF) in Swellendam. The project included a new perimeter fence, ablution and office facilities, stormwater drainage, paved entrance, access control check point, tool shed and electrical, sewerage and water distribution
Recovering/diverting waste	The Municipality, with the aid of an external service provider, recycles 100% of incoming waste, diverting at least 35% from the WDF. This action will ensure air space for a longer period

Table:75 Waste Management Highlights

3.6.3 Challenges: Waste Management

The table below specifies the challenges for the year:

Description	Actions to address
Available air space	Investigate additional/alternative dumping facilities or regional facilities
Community participation regarding recycling	Establish a two-bag recycling system

Table:76 Waste Management Challenges

3.6.4 Service Delivery Levels: Waste Management

The table below specifies the service delivery levels for the year:

Description	2016/17	2017/18
	Actual	Actual
Household		
<u>Refuse Removal:</u> (Minimum level)		
Removed at least once a week	6 139	6 054
Number of residential properties which are billed for refuse removal		

Table:77 Waste Management Service Delivery Levels

3.6.5 Employees: Waste Management

The following table indicates the staff composition for this division:

Job Level	2017/18			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	14	10	4	28.6
4 - 6	0	0	0	0
7 - 9	4	3	1	25
10 - 12	3	1	2	66.67
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
*P.T.I.	0	0	0	0
Total	21	14	7	33.33

**P.T.I. – personnel to incumbent
Employees and Posts numbers are as at 30 June*

Table:78 Employees: Waste Management

3.6.6 Capital: Waste Management

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Access Control and Signage - Barrydale Landfill Site	50 000	7 160	7 156	4	7 156
Street refuse bins	10 000	0	0	0	0
Total	60 000	7 160	7 156	4	7 156

Total project value represents the estimated cost of the project on approval by Council

Table:79 Capital Expenditure 2017/18: Waste Management

3.7 HOUSING

3.7.1 Introduction to Housing

The Swellendam Municipality envisions the provision of sustainable housing opportunities as an on-going process beyond the five-year planning of the IDP and sees the five-year span of the IDP as part of a planning mechanism. The Spatial Development Framework (SDF) together with government's strategy for integration of towns, serve as guidelines for the development of the Swellendam Municipality's approach to providing sustainable human settlements. The vision

of the Human Settlement Unit of Swellendam Municipality is not only to provide housing, but also to build communities. The department also complies with government's approach to shift from housing construction to sustainable settlements, thus addressing both integration of the poor and previously disadvantaged and providing housing opportunities, "opportunities" being the operative word.

The government's primary objective is to undertake housing development, which Section 1 of the Housing Act, No. 107 defines as being: *"the establishment and maintenance of habitable, stable and sustainable public and private residential environments. This is to ensure viable households and communities in areas allowing convenient access to economic opportunities, and to health, educational and social amenities in which all citizens and permanent residents of the Republic will, on a progressive basis, have access to housing. This includes permanent residential structures with secure tenure, ensuring internal and external privacy, and providing adequate protection against the elements, potable water, adequate sanitary facilities and domestic energy supply."*

The existing national human settlements programmes are based on this objective and the principles embodied therein. Municipalities are required to take a leading role in identifying land for the location of housing supply, to facilitate spatial planning and transportation systems and integrate housing into municipal IDPs. This embodies the vision and mission of the Swellendam Municipality. The National Housing Code is currently under scrutiny to ensure that the mistakes made in the past are corrected and addressed thoroughly.

The need for housing:

The need for an integrated residential development approach, that addresses the whole spectrum of residential needs, has been identified and the following main income categories have been considered:

Subsidy housing greater than R3 500 per month

Gap housing R3 500-R15 000 per month

Housing need:

Given the strategic decision to focus on subsidy and gap housing, the needs can be summarized as follows:

Site	Property	Units
Subsidy: Priority 1		
Suurbraak	IRDP	35

Table:80 Housing Needs

3.7.2 Highlights: Housing

The table below specifies the highlights for the year:

Highlights	Description
Acquisition of land	Acquisition of land for mixed use development in Railton

Highlights	Description
Planning for Railton Housing Project	The Environmental Impact Assessment (EIA) for the development of 950 housing opportunities is currently in process
Title Deeds Restoration Project	The backlog has proactively been addressed. Subsidy beneficiaries in older projects have been given property ownership
Planning of the Barrydale Housing Project	Planning for 87 housing opportunities in the 2018/19 financial year were completed
Planning of the Buffeljagsrivier Housing Project	Planning for 34 housing opportunities in the 2018/19 financial year were completed

Table:81 Highlights: Housing

3.7.3 Challenges: Housing

The table below specifies the challenges for the year:

Description	Actions to address
Staff shortages	Funding must be obtained in order to fill vacancies
Differences in financial year end between provincial, national and local government as the main source of funding for development of Human Settlements in the third sphere of government	Proper planning must be done in order to manage the differences
Erection of illegal dwellings and slow judicial process	Initiate discussion with the National Department of Human Settlements to intervene
Shortage of bulk infrastructure for the development of human settlements in municipal area	MIG funding application has been completed and submitted

Table:82 Housing Challenges

3.7.4 Service Delivery Levels: Housing

The table below specifies the service delivery levels for the year:

Financial year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2016/17	3 787	6
2017/18	3 861	2

Table:83 Housing Waiting List

3.7.5 Employees: Housing

The following table indicates the staff composition for this division:

Job Level	2017/18			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	0	0	0	0
7 - 9	0	0	0	0
10 - 12	2	2	0	0
13 - 15	0	0	0	0
16 - 18	1	1	0	0
19 - 20	0	0	0	0
*P.T.I.	3	3	0	0
Total	3	3	0	0

**P.T.I. – personnel to incumbent
Employees and Posts numbers are as at 30 June*

Table:84 Employees: Housing

3.7.6 Capital: Housing

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Purchase of land Swellendam Railton Transnet	2 000 000	4 446 000	0	4 446 000	4 446 000
Purchase of land Malagas	1 000 000	0	0	0	0
Total	3 000 000	4 446 000	0	4 446 000	4 446 000

Total project value represents the estimated cost of the project on approval by Council

Table:85 Capital Expenditure 2017/18: Housing

3.8 FREE BASIC SERVICES AND INDIGENT SUPPORT

Basic municipal services are rendered to all urban areas and some rural areas within the municipal boundaries. Lack of funding is restricting progress with the extension of basic services to areas still requiring services or the upgrading of existing services. Basic services are currently rendered in towns and villages as follows:

- Barrydale: All households receive electricity, water, sanitation and refuse removal
- Infanta: 88 households receive basic services for refuse removal

- Buffeljagsrivier: All households receive basic services for water, sanitation and waste removal. Eskom supply electricity to all households
- Suurbraak: All households receive electricity, water, sanitation and refuse removal
- Malagas: All households receive refuse removal
- Swellendam: All households receive electricity, water, sanitation and refuse removal
- Businesses: All businesses receive electricity, water, sanitation and refuse removal
- Farms: No basic services

The table, furthermore, indicates the total number of indigent households and other households that received free basic services in the past two financial years:

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2016/17	7 810	6 076	77.8	6 196	79.3	1 930	24.7	1 930	24.7
2017/18	6 894	6 404	93.0	6 429	93.3	1 811	26.3	1 811	26.3

Table:86 Free Basic Services to Indigent Households

Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value
			R'000			R'000			R'000
2016/17	1 786	50	878	4 290	20	855	224	20	45
2017/18	1 811	50	902	4 601	20	928	214	20	44

Table:87 Free Basic Electricity Services to Indigent Households

Water						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value	No. of HH	R value per HH	Value
			R'000			R'000
2016/17	1 930	6	1 256	4 266	6	2 776
2017/18	1 811	6	1 285	4 618	6	2 899

Table:88 Free Basic Water Services to Indigent Households

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value	No. of HH	R value per HH	Value
			R'000			R'000
2016/17	1 786	2 420.74	4 323	144	1 055.30	152

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value	No. of HH	R value per HH	Value
			R'000			R'000
2017/18	1 811	2 611.00	4 729	164	1 160.52	190

Table:89 Free Basic Sanitation Services to Indigent Households

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value	No. of HH	R value per HH	Value
			R'000			R'000
2016/17	1 786	110.56	2 369	144	55.28	95
2017/18	1 811	119.40	2 594	164	59.70	117

Table:90 Free Basic Refuse Removal Services to Indigent Households

Financial Performance 2017/18: Cost to Municipality of Free Basic Services Delivered		
Services Delivered	2016/17	2017/18
	Actual	Actual
	R'000	
Water	4 032	4 185
Electricity	1 778	1 873
Sanitation	4 475	4 918
Refuse removal	2 465	2 712
Total	12 752	13 689

Table:91 Cost to Municipality of Free Basic Services Delivered

COMPONENT B: ROAD TRANSPORT

3.9 ROADS

3.9.1 Introduction to Roads

The Swellendam Municipality area has 88km paved road systems, which include tar and block paving. The gravel road system of the Municipality comprises of 34 km of gravel and dust road. The estimated replacement value is around R300 million and the average condition can be rated as fair as per Pavement Management System. The estimated funding backlog in terms of operation and maintenance in 2008 was R35 million, with a R25 million short term and R31 million medium term backlog. 21% of the surfacing and structural components of the system is in a poor to very poor condition.

It is clear that the priority is general maintenance, including pothole repair, general resealing, crack sealing and addressing base and surface failure. Minor routine maintenance was carried out during the 2014/15 year through the operating budget, but no capital projects were undertaken since no capital funds were available.

The department's overall strategy is to eliminate the backlog that currently exists. This can only be achieved by attending to the necessary rehabilitation and resealing of backlogs. The greatest concern is, however, the lack of a sustainable funding source. The current operating funds available for roads are merely 1% of the replacement value.

Statistics have been taken and adjusted from the Pavement Management System 2008. It is the intention of the Municipality to review the Pavement Management System during the 2014/15 financial year.

The current backlog is around R55 million for surfacing and structural projects. To address this proves to be problematic, as no capital budget for roads were allocated for the last three years. Funds to the value of R16 million were made available through MIG in order to address roads and stormwater issues in one of the housing projects. During the 2012/13 financial year R8.5 million was spent compared to R3 million in the 2013/14 financial year. The third phase was completed during the 2014/15 financial year.

The shortage of staff was partially addressed by the EPWP program, but vacancies should still be filled to optimise the departments' operations. Pothole repairs and other maintenance programmes were short-lived, since pipe bursts were the primary activity for maintenance teams during the 2014/15 financial year. All of these were backfilled and repaired by the roads department, interfering with planned maintenance works.

The department's top 3 priorities are:

- The maintenance of existing streets: This has created a partial impact, as no capital budget was available
- The provision of proper access for every resident: This has created an average impact, as a small amount of complaints have been received
- The rehabilitation of old infrastructure: This initiative has achieved no impact, as no capital budget has been allocated

The Overberg District Municipality initiated a project to establish a Rural Road Asset Management System (RRAMS). The system will include an asset register, value of assets, pavement management system and master planning. The project will be bound to a three-year period. Whether or not funding will be made available to implement the system, is yet to be confirmed.

3.9.2 Highlights: Roads

The table below specifies the highlights for the year:

Highlight	Description
Upgrade of roads and stormwater in Smartie Town, Railton	Upgrade of roads to paved standards with accompanying stormwater drainage to the value of R7 million

Highlight	Description
Finalisation of the RRAMS initiative	The RRAMS will include the completion of an asset register and master plan with recommendations and costing. The plan was funded by the Overberg District Municipality
The procurement of several vehicles and plant	Second hand vehicles and plant were procured from Swartland Municipality
Operational expenditure	A 97% operating expenditure was obtained for roads and stormwater

Table:92 Roads Highlights

3.9.3 Challenges: Roads

The table below specifies the challenges for the year:

Description	Actions to address
Aging road infrastructure	Implementation of RRAMS actions and recommendations
Lack of maintenance funding	Budgetary provision must be made for resealing and maintenance of roads and stormwater

Table:93 Roads Challenges

3.9.4 Service Delivery Levels: Roads

The table below specifies the service delivery levels for the year:

Gravel Road Infrastructure: Kilometres				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2016/17	33.3	0	1.07	22
2017/18	32.2	0	0.66	21

Table:94 Gravel Road Infrastructure

Tarred Road Infrastructure: Kilometres					
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2016/17	87.9	0	0	0	87.9
2017/18	88.56	0.66	0.4	0	88.56

Table:95 Tarred Road Infrastructure

Tar roads are being maintained as reports of problems are received or as maintenance is required.

The table below shows the costs involved for the maintenance and construction of roads within the municipal area:

Financial year	New & Replacements	Resealed	Maintained
	R'000		
2016/17	4 066	0	1 790
2017/18	6 332	0	2 649

The cost for maintenance includes stormwater

Table:96 Cost of Construction/Maintenance of Roads

3.9.5 Employees: Roads

The following table indicates the staff composition for this division:

Job Level	2017/18			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 – 3	13	7	6	46.2
4 - 6	8	6	2	25
7 - 9	7	6	1	14.3
10 - 12	2	2	0	0
13 - 15	2	2	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
P.T.I.*	1	1	0	0
Total	33	24	9	27.27

**P.T.I. – personal to incumbent*

Employees and Posts numbers are as at 30 June

Table:97 Employees: Roads

3.9.6 Employees: Mechanical Workshop

The following table indicates the staff composition for this division:

Job Level	2017/18			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 – 3	0	0	0	0
4 - 6	2	2	0	0
7 - 9	0	0	0	0

Job Level	2017/18			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
10 - 12	1	1	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
P.T.I.*	0	0	0	0
Total	3	3	0	0

*P.T.I. – personnel to incumbent
Employees and Posts numbers are as at 30 June

Table:98 Employees: Mechanical Workshop

3.9.7 Capital: Roads

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Road rehab - Russel Street Swellendam	150 000	117 241	123 932	(6 691)	123 932
10 Speedbumps	130 000	102 396	97 216	5 180	97 216
Railton upgrade gravel roads and stormwater phase 2	2 584 211	3 146 996	3 146 996	0	16 242 518
Nissan Bakkie	50 000	48 632	48 632	0	48 632
Total	2 914 211	3 415 265	3 416 776	(1 511)	16 512 298

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

Table:99 Capital Expenditure 2017/18: Roads

3.10 WASTE WATER (STORMWATER)

3.10.1 Introduction to Waste Water (Stormwater)

Stormwater systems exist in most of the residential areas. In informal and low-cost housing areas, provisions are made by creating open channels and side drains. Some provisions were made in the latest low-cost housing project.

Stormwater master planning needs to be conducted in Smitsville and Suurbraak in order to rectify issues, since little to no systems exist there. Financial provision will be made to compile master plans for these areas, but due to budget constraints only Buffeljagsrivier was completed in 2014/15. The Department of Human Settlements granted funding for

a stormwater master plan for Railton, which was implemented by the Provincial Reconstruction Team (PRT). As a result, the upgrades of stormwater drainage in Railton could be completed during the 2017/18 financial year.

Daily maintenance consists of opening and cleaning catch pits, manholes, side drains and open channels. This still seems to be challenging due to capacity constraints.

Isolated problematic areas where flooding occurred were resolved due to innovative actions. These areas are closely monitored with the relevant maintenance and aftercare.

3.10.2 Highlights: Waste Water (Stormwater)

The table below specifies the highlights for the year:

Highlights	Description
Upgrade of roads and stormwater drainage in Smartie Town, Railton	The upgrade of gravel roads to paved standards with bulk stormwater drainage systems, which included a primary bulk gravel channel, bulk culvert, kerbing/channelling and various secondary pipe culverts
The maintenance and cleaning of stormwater channels and ducts	Maintenance and cleaning of stormwater channels and ducts included the cleaning of 1 302 catch pits and the cleaning of 120 857m of stormwater channels

Table:100 Waste Water (Stormwater Drainage) Highlights

3.10.3 Challenges: Waste Water (Stormwater)

The table below specifies the challenges for the year:

Description	Actions to address
Insufficient stormwater capacity in various areas	Implementation of the recommendations of the Stormwater Master Plan
Insufficient funds	External funding must be secured and budgetary provision made

Table:101 Waste Water (Stormwater) Challenges

3.10.4 Employees: Waste Water (Stormwater)

The following table indicates the staff composition for this division:

Job Level	2017/18			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	1	1	0	0
4 - 6	4	3	1	25
7 - 9	13	1	12	92.3

Job Level	2017/18			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
10 - 12	2	1	1	50
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
P.T.I.*	1	1	0	0
Total	21	7	14	66.66
<i>*P.T.I. – personnel to incumbent</i> <i>Employees and Posts numbers are as at 30 June</i>				

Table:102 Employees: Waste Water (Stormwater)

3.10.5 Capital: Waste Water (Stormwater)

There were no capital projects for the 2017/18 financial year.

COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT

3.11 TOWN PLANNING AND BUILDING CONTROL

3.11.1 Introduction to Town Planning and Building Control

The Municipality provides a full spectrum of town planning and building control services within its administrative area. The Division Town Planning and Building Control also includes a compliance component which is responsible for the enforcement of the regulations relating to municipal planning and building control, as well as environmental issues in general, air quality and noise control.

The Spatial Land Use and Management Act (SPLUMA) and the Land Use Planning Act (LUPA), together with the Municipal By-Law on Land Use Planning and the National Building Regulations serve as the legislative framework for all land use planning and development.

Land use planning and decision making within the Municipality is guided by the Spatial Development Framework (SDF) which is the spatial articulation of the IDP and is reviewed every 5 years. The specific land use parameters and development rules within the Municipality are set out in the Swellendam Integrated Zoning Scheme Regulations. All building plans are considered in consultation with Infrastructure Services. Inputs on development initiatives, particularly in rural areas, is also requested from various district and provincial authorities (Department of Health, Cape Nature, Department of Agriculture, Department of Environmental Affairs and Development Planning (DEADP), Department of Water Affairs, Department of Transport and Public Works, Heritage Western Cape) before decisions are made. The

division works closely with its Aesthetics and Conservation Committees to manage heritage listed buildings, conservation areas and signage within municipal boundaries. Land use planning applications are also advertised in the local press and on the municipal website for public consideration and input. It is noted that in terms of current legislation, land use planning is a municipal competency, including the appeal process.

3.11.2 Highlights: Town Planning and Building Control

The table below specifies the highlights for the year:

Highlights	Description
Receipt/approval various significant new land use applications	The ongoing receipt of land use applications and building plans through the administrative area illustrates that there is growing investment/interest in the economy and the region
Determination of the 1:50 year and 1:100 year flood lines along the Breede River Estuary	With a financial assistance of DEADP the floodlines have been determined and now provide a vital tool for assessing development applications and building plans in that area
Increased usages and updating of Geographic Information Systems (GIS) Viewers	Ongoing investment in the department's GIS, particularly the GIS viewers, have speeded up access to key property information and the department's ability to assist the public with queries. Viewer content has been expanded to include South African National Biodiversity Institute (SANBI)/Conservation areas and the 1:50 year and 1:100 year flood lines

Table:103 Town Planning and Building Control Highlights

3.11.3 Challenges: Town Planning and Building Control

The table below specifies the challenges for the year:

Description	Actions to address
Attracting skilled, professional staff	<p>The following actions are necessary to attract skilled, professional staff:</p> <ul style="list-style-type: none"> • Focused advertising • Introduction of scarcity allowances • Improved skills transfer for existing staff
Proliferation of informal house shops	<p>The following actions are necessary to ensure success:</p> <ul style="list-style-type: none"> • More regular inspections • Stricter implementation of compliance measures • Follow-through in terms of legal provisions

Table:104 Town Planning and Building Control Challenges

3.11.4 Statistics: Town Planning and Building Control

The table below specifies the service delivery levels for the year:

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Planning application received	25	12	6	6	47	25
Determination made in year of receipt	18	20	3	9	25	52
Applications withdrawn	0	0	0	0	0	2
Applications outstanding at year end	7	6	3	1	20	15
Awaiting DEADP decision	0	0	0	0	0	0

Table:105 Applications for Land Use Development

Type of service	2016/17	2017/18
Building plans application processed	234	213
Total surface (m2)	43 733m ²	23 899m ²
Approximate value (Rand)	R327 998 850	R203 143 795
Land use applications processed	48	44

Table:106 Additional Performance Town Planning and Building Control

3.11.5 Employees: Town Planning and Building Control

The following table indicates the staff composition for this division:

Job Level	2017/18			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	0	0	0	0
7 - 9	1	1	0	0
10 - 12	2	2	0	0
13 - 15	2	1	1	50
16 - 18	1	1	0	0
19 - 20	0	0	0	0
P.T.I.*	0	0	0	0
Total	6	5	1	16.66

*P.T.I. – personnel to incumbent
Employees and Posts numbers are as at 30 June

Table:107 Employees: Town Planning and Building Control

3.11.6 Capital: Town Planning and Building Control

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Air conditioners x1	10 000	8 600	8 600	0	8 600
Total All	10 000	8 600	8 600	0	8 600

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)

Table:108 Capital Expenditure 2017/18: Planning

3.12 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)**3.12.1 Introduction to Local Economic Development (LED)****Swellendam Growth and Development Strategy (SGDS) – 2017 to 2021 and beyond**

The Swellendam Growth and Development Strategy includes LED and Tourism and the Strategic Facilitation Services currently located in the office of the Municipal Manager.

1. Introduction to the Swellendam Growth and Development Strategy

The SGDS is largely founded on 4 growth pillars.

- Tourism and Events – The opportunity to increase tourism and visitor numbers can be directly facilitated with the development of a basket of events and promotional activities.
- Development Facilitation Services – as contained in the municipal functions mandate in the constitutional schedules 4B and 5B. This is primarily real estate and other process driven decision making that can be done more effectively which can unlock economic development, growth and opportunity.
- Agriculture (Organised Landbou and Emerging Farmers) – Swellendam is a growth sector for produce with a very strong export orientation as well as a strong local supplier of key products for manufacturers of food and beverage products.
- Business Development (broader economic sector growth) – It is clear from the economic analysis that Swellendam's growth is directly attributed to two key sectors, namely Agriculture and its linked services and Tourism and events (or the visitor economy), the rest of the businesses in town are to a large extent service providers and suppliers to these two sectors.

The Growth and Development Strategy will set out in detail the actions and activities and programs and projects that the municipality will engage in to help facilitate the growth of Swellendam. The expected draft is to be completed by June 2019.

2. Introduction – Institutional challenges for Swellendam

The 2017/18 financial year included the appointment of a new Municipal Manager who commenced on 1 November 2017. The current post of Local Economic Development Officer and manager remains vacant, the manager of development services in the Office of the Municipal Manager remains vacant and the post of Tourism Manager was vacant for the better part of 2016/17 and was filled for 2018 to address key challenges.

In this time with limited budget only the Tourism Manager under the auspices of the Swellendam Tourism Organisation (STO) could be appointed and that was with the purpose of reviving the basic tourism services function. No other posts could be filled as a result of budgetary limitations to accommodate new posts within the Office of the Municipal Manager.

The second institutional challenge was the STO was still in the process of wrapping up its outstanding audit and narrative reports on the Swellendam Tourism Economic Empowerment (STEPP) project for the National Jobs Fund, based in National Treasury. This matter has finally been resolved and we trust that this project is finally closed. Further to this decision, the Swellendam Municipality decided to terminate its arrangement with the STO. Historically the STO and the Municipality signed a service level agreement (SLA) to agree on a manner and way in which the tourism function is to be provided.

In May 2018 council approved that the Municipal Manager proceed with commencing with a new process to conduct market research on the Swellendam brand, the proposed development a long term strategy for tourism and a proposed structure (an STO v2.0 as it were) to take the agreement forward.

A third institutional challenge is that there is no fully functioning business chamber or sakekamer or any form of business representation organisation. It is against this backdrop that the strategy tries to commence with a sector driven approach that will focus on delivery of certain outcomes jointly between the Swellendam municipality and its partner organisations.

3. Tourism and Events – Institutional Way Forward

A national and regional market analysis of the positioning of Swellendam.

In order to better understand both the demand profile and the supply profile (what is it that we offer to the market that is appealing enough to convert interest and enquiry into a booking?) it is necessary to do a research survey on Swellendam in Johannesburg and Cape Town. These two markets represent the primary local domestic target market. The proposal is to conduct surveys to be able to make deductions about the market behaviour about who have travelled and will travel to some location in South Africa in the next 6 to 12 months in order to ascertain if Swellendam is part of the consideration set. The purpose of the direct questioning of the market is to understand what the key drivers are in the decision making of local domestic tourists. Data from Wesgro and other sources will look at international visitor trends.

A second survey is to be conducted with travel and trade agents who act as the primary channel for the dissemination of information and for driving bookings to better understand the key drivers they require to help sell or promote Swellendam as an ideal tourism destination.

A third survey is to include a digital and print media assessment of what is out there, how Swellendam is referred to in the media and on websites to try and establish what is in the media space, what is on social media and what is driving the current messaging of Swellendam.

A fourth survey is with local companies in the tourism value chain including Bed n Breakfasts, Restaurants and other service providers to obtain insights into the local understanding of the market. This survey should also include input from the towns of Barrydale, Buffeljagsrivier, Suurbraak and Swellendam (including Railton).

The intention with these 4 surveys is to garner a complete understanding of where Swellendam finds itself and to use this information to help position it favourably in the broader tourism offering market in the Western Cape and South Africa more broadly. Information on international travellers will also be included in the study.

Towards a draft marketing and promotional strategy for Swellendam

The strategy for the tourism and events functions needs to be agreed between the main business role players in town, the Municipality and the community. The strategy must be based on achieving a set of targets that directly facilitates growth in visitors and tourists. Insofar as possible and where appropriate a positioning marketing strategy must focus on those segments of the tourism market that are most likely to generate a higher booking success rate. Ultimately the targets and the goals set must be measurable and deliverable in order for the tourism sector and the Swellendam Municipality to agree on what is achievable within an agreed budget and timeframe.

Institutional design options for marketing and promoting Swellendam

The current structure of the STO is under represented by the tourism industry. A new structure needs to be created which looks at the findings of the research, the key drivers of the strategy and the proposed action plan to ensure that the key role-players in tourism are on board and buy into the new revitalised strategy and action plan.

This requires a review of the entity type, with a new board of directors, and a new membership or participation structure, linked into a reporting schedule based on performance targets and goals. The issue of inclusivity must also be addressed to include both emerging and new product offerings. The inclusivity issue needs to bear in mind the market readiness and market demand for the services or products. The institutional assessment for product readiness must allow for a transitional period to create platforms for new and emerging products to participate. The nature, form and function of the entity must be discussed with the sector and agreed to as the platform for the new Swellendam Tourism Strategy, entity and action plan. In the final analysis a preferred entity structure, board, management, staffing structure and action plan must be the outcome of this process.

3.12.2 Highlights: LED

The table below includes the highlights with the implementation of the LED Strategy:

Highlights	Description
Commenced with drafting Swellendam Growth and Development Strategy	The LED strategy must be reviewed. The Swellendam Growth and Development Strategy is a draft proposal to drive growth in the key sectors of the economy focusing on the municipal mandate and functions

Table:109 LED Highlights

3.12.3 Challenges: LED

The table below includes the challenges with the implementation of the LED Strategy:

Description	Actions to address
Vacancy in the office of the Municipal Manager The positions of LED Officer and Development Services Manager is vacant	The proposed redesign of the functions of the Office of the Municipal Manager will include a Growth and Development Strategy Manager
Community Participation Processes in the creation of a new business chamber and the new tourism organisation	Community facilitation processes to engage industry
No established engagement platforms for tourism or businesses	Along with the IDP/Budgetary processes two new processes will help to launch the Business Engagement platform and the tourism engagement platform

Table:110 Challenges LED

3.12.4 SGDS Strategy

It is important to note that the SM will not be pursuing the concept of an LED strategy as it is understood in local government circles. The Swellendam Growth and Development Strategy will replace the LED Strategy during the course of 2018/19. The 2016/17 LED Strategy identified various issues, some of which will be dealt with differently in 2018/19 as set out below:

Strategic Areas	Description
Skills development and training	This is at present beyond the mandate of the municipality. The Municipality provides learnerships, mentorships and student bursaries to more than 120 persons. Beyond this capacity it is not in a position to provide skills development and training to unemployed youth more broadly. The Municipality will seek to work with organisations to help provide opportunities for training and development. These will largely be geared towards municipal services
SMME and co operatives development and growth	The Municipality currently provides support to SMME's through the procurement processes of the Municipality. Currently there is no chamber of commerce or a sakekamer which represents the broader business interests. The Municipality procures in the order of R 75 million in various types of services. An annual procurement day will be held to help smaller businesses tender for the business opportunities being made available. The Municipality with Wesgro, SEDA and other agencies will help to provide support opportunities to existing and emerging businesses
Promote rural tourism development and growth	The Swellendam Municipality recently proceeded with a new Tourism and Events process. This will seek to provide a more coherent strategy and action plan to improve the town's positioning as a tourism and events destination.

Strategic Areas	Description
Investment promotion	The Municipality in association with WESGRO and the local business and agriculture sectors will review and prepare potential commercial and investment opportunities. The Municipality currently releases land primarily on an as and when basis to primarily for middle to high income housing, very limited commercial and industrial property. Greater focus will be given to creating spaces for new opportunity. For the current year more than 100 property development opportunities will be considered.
Infrastructure / tourism assets upgrades and development	The Municipality is currently upgrading the water, waste water and electricity capacity to the different parts of the town in order to accommodate the current rates of growth. This basic services infrastructure forms the backbone of the municipal services and forms the basis on which growth is possible. Any tourism assets and other upgrades will form part of the Tourism and Events Strategy.

Table:111 LED Strategic Areas

Informal Street Trading

Annually the Municipality provides sites to informal traders at nominal fee. There are 17 full year permits and most of the sites are occupied. Trading takes place daily from 07:00 to 18:00 and peaks over weekends and on paydays.

3.12.5 Employees: LED

Job Level	2017/18			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 – 3	0	0	0	0
4 – 6	0	0	0	0
7 - 9	2	1	1	50
10 - 12	1	0	1	100
13 - 15	1	0	1	100
16 - 18	0	0	0	0
19 - 20	0	0	0	0
P.T.I.*	0	0	0	0
Total	4	1	3	75

*P.T.I. – personnel to incumbent
Employees and Posts numbers are as at 30 June

Table:112 Employees: Local Economic Development

3.12.6 Capital: LED

There were no capital projects for the 2017/18 financial year.

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.13 LIBRARY SERVICES

3.13.1 Introduction to Library Services

The Swellendam Municipality is proud to have five public libraries and two wheelie wagons that meet the needs of the different communities. The main library is Swellendam Public Library, with Railton Public Library serving as the branch library. Barrydale, Suurbraak, and Buffeljagsrivier have their own libraries, but inhabitants are not limited to utilise one library only as library cards can be used at any library, at the convenience of the library user.

All libraries are equipped with free computers and internet access for the creation of documents and research purposes. Broadband access has been installed at all community libraries. Many community members make use of the library to access the internet and do work, to read newspapers and to page through the latest magazines.

Library Services are fully funded by Provincial Library Services (DCAS) and national government. Although library staff is on the municipal payroll, the Municipal Replacement Funding (MRF) and conditional grant cover salaries and benefits. A lack of funding is one of the reasons why new books are limited.

There is a very good working relationship between Tedcor and the different library staff. Tedcor assisted the libraries with recycling activities and library programmes. Programmes were well attended during the past year, by not only children, but also by our senior citizens.

All libraries are privileged to have Britannica-online (electronic encyclopedias). There are three different levels and it is available in 104 languages. It is updated daily, so the latest information is available immediately.

Swellendam Library celebrated their 180th birthday. Swellendam Library was established in 1838, so it turned 180 years old in 2018. The library serves, 4 pre-schools and 2 old age homes, as well as the local reading circle. Some of the oldest members, have been members for 50 years. The Swellendam staff is well known for their creativity which can be seen in the various displays in the library.

Barrydale Library was also chosen as one of the libraries, that will benefit from the grant/donation, received from Bill and Melinda Foundation. Through this grant, the library receive, Information and Communication Technology (ICT) facilities which will enable the community to access internet, e-books, tablets, educational games and other digital products.

3.13.2 Highlights: Library Services

The table below specifies the highlights for the year:

Highlight	Description
Swellendam Library turned 180 years old	Swellendam Library was established in 1838 and celebrated it's 180 th year of existence

Highlight	Description
Barrydale Library: Mzansi On-line recipient	The library was one of twenty-seven libraries who was selected to receive ICT facilities
Growth in members and internet users	Library members as well as internet users increased from the prior year

Table:113 Library Services Highlights

3.13.3 Challenges: Library Services

The table below specifies the challenges for the year:

Description	Actions to address
Insufficient space at Swellendam Library	The need for additional space were included in the Library Business Plan, as well as future priority plans
Accessibility of library services in remote areas	Wheely Wagon/mini libraries must be introduced to enhance accessibility to library services in remote areas

Table:114 Library Services Challenges

3.13.4 Service Statistics for Library Services

The table below specifies the service statistics for the year:

Type of service	2016/17	2017/18
Library members	38 347	40 211
Books circulated	153 382	150 510
Exhibitions held	366	494
Internet users	13 810	16 823
Childrens' programmes	223	188
Visits by school groups	57	67
Old age home visits	92	98
Wheele wagon visits	16	14

Table:115 Service Statistics for Library Services

3.13.5 Employees: Library Services

The following table indicates the staff composition for this division:

Job Level	2017/18			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 – 3	0	0	0	0
4 - 6	6	5	1	16.67
7 - 9	1	1	0	0
10 - 12	1	0	1	100
13 - 15	1	0	1	100
16 - 18	0	0	0	0
19 - 20	0	0	0	0
P.T.I.	5	5	0	0
CG*	9	9	0	0
Total	23	20	3	13.04
<i>P.T.I. – personnel to incumbent // *CG (Contract employees: Conditional Grant)</i> <i>Employees and Posts numbers are as at 30 June</i>				

Table:116 Employees: Library Services

3.13.6 Capital: Library Services

There were no capital projects for the 2017/18 financial year.

3.14 CEMETERIES

The Municipality is responsible for 9 cemeteries of which 5 is full to capacity. There are currently 4 in use, which is situated in Swellendam (2), Barrydale (1) and in Suurbraak (1). All cemeteries are maintained on a continuous basis and are generally in a good condition.

Vandalism remains a big priority in the Railton Cemetery. The Railton Cemetery was recently extended, and there is subsequently enough space for the next 8 years. The Swellendam, Barrydale and Suurbraak cemeteries is also running out of space and new land for extensions was identified. In addition, all cemetery records are kept up to date by the Community Services Department.

3.14.1 Highlights: Cemeteries

The table below specifies the highlights for the year:

Highlights	Description
Extension of Railton Cemetery	Land must be identified and an EIA must be conducted to implement extensions
Identified new land for extension of cemeteries	Land for the extension of Swellendam, Barrydale and Suurbraak Cemeteries were identified
Regular maintenance of cemeteries	Maintenance plans are in place and conducted regularly

Table:117 Cemeteries Highlights

3.14.2 Challenges: Cemeteries

The table below specifies the challenges for the year:

Description	Actions to address
Limited space	Extension of cemeteries is required

Table:118 Cemeteries Challenges

3.14.3 Service Statistics for Cemeteries

The table below specifies the service delivery levels for the year:

Type of service	2016/17	2017/18
Pauper burials	2	0

Table:119 Service Statistics for Cemeteries

3.14.4 Capital: Cemeteries

There were no capital projects for the 2017/18 financial year.

COMPONENT E: ENVIRONMENTAL PROTECTION**3.15 ENVIRONMENTAL PROTECTION****3.15.1 Introduction to Environmental Protection**

Although environmental protection and management vests primarily with the Provincial Department of Environmental Affairs and Development Planning, certain environmental functions are the responsibility of the Municipality. These include air and noise pollution, biodiversity and landscape management, and coastal protection.

The National Estuarine Management Protocol (NEMP) was published in May 2013, with the overarching management over the Breede River now being a provincial function. The province is currently in the process of finalising the draft

management plan for the estuary, in accordance with various legislation including NEMP, the Integrated Coastal Management Act (ICMA), the National and Western Cape Coastal Management Programme, as well as the White Paper on Sustainable Coastal Development in South Africa. The Breede River Estuary Management Plan was initiated in 2008, and was reviewed in 2009, 2011 and 2014. As part of the finalisation process, the EMP was advertised for comment in August 2016 and were supposed to be signed off by the National Minister of Environmental Affairs during 2017. This hasn't happened and the draft is still under consideration.

In terms of the ICMA, the management of estuaries is a municipal competency, excluding those areas that reside under the authority of conservation and protected area management agencies in which the estuary is located. Management of the lower stretches of the Breede River is currently done in terms of a service level agreement between the Hessequa Municipality and Swellendam Municipality and the Lower Breede River Conservancy Trust (LBRCT). Both municipalities have promulgated a By-Law on the control and management of the Breede River. The following estuarine matters are specific municipal competencies:

To institute invasive alien vegetation clearing and management, according to the Integrated Invasive Vegetation Management Plan. The department community services of the municipality is responsible for this function but due to a lack of funds couldn't as yet draft an alien invasive plan. It is envisaged that the alien invasive plan will be completed in the 2018/2019 financial year.

To actively promote a better understanding, appreciation, use and conservation of the limited natural resources within the municipal area (including biodiversity, soil, water and energy) by the owners and staff of, and visitors to, the area. Environmental Officers have to be appointed to manage and control the environmental issues.

Promotion of the conservation of the environment (biophysical, socio-economic and cultural historic characteristics)

Promotion of the integrated management of Reserves and natural areas within the municipal jurisdiction

To develop and maintain high quality visitor infrastructure, facilities and recreational activities along sound financial lines

To enhance the tourist potential of the Swellendam Municipal area through the actions mentioned above

Manage the interface between the Natural and Urban Environment, for example Baboon Management

The key municipal challenge in this regard is to generate sustainable funding for environmental management and for all of the above functions.

Pollution Control

The Municipality is mandated to establish specialized units for air quality and noise control within its administrative area. At this stage, the Municipality has allocated this responsibility to one of its Compliance Officers. The Air Quality By-law has been promulgated and the Air Quality Management Plan has been approved by the council and has been implemented.

Biodiversity and Landscape

Biodiversity management is a process and is monitored on an ongoing basis. The Municipality has access to fairly detailed mapping setting out the Critical Biodiversity Areas (aquatic and terrestrial) in its area of operation. This mapping is consulted when assessing applications for new development within the area. The South African National Biodiversity Institute ensures that this mapping is added to regularly and kept up to date. The management and control of landscapes is also monitored when assessing new development, with the National Heritage and Resources Act playing a key role in rural areas.

The Overberg District Municipality and Department of Environmental Affairs and Development Planning have introduced the coastal setback line process for the Overberg Region. The Municipality currently uses the 5m contour line for the Breede River which will be in place until the setback lines for the relevant Overberg Municipalities have been finalised.

Coastal Management

The Municipality has addressed the cleaning of the public beach at Infanta as well as the maintenance of infrastructure (signs, trails, paths, benches, ablutions, boardwalks and bridges). Issues still to be addressed are the registration of public boat launch sites. Environmental management plans for the public launch sites at Infanta, Moddergat and Malagas have been completed and have been submitted to province for approval by the Minister of Environmental Affairs and Development Management. The requisite by-law will be promulgated thereafter.

3.15.2 Highlights: Environmental Protection

The table below specifies the highlights for the year:

Highlights	Description
Terrestrial alien invader species are controlled	Progress has been made with mapping of the affected areas and creating management blocks for control purposes
An Aquatic Alien Invader Species (Hyacinth) Task Group has been formed and control methods implemented	The DEADP has provided a budget and expertise for biological, chemical and mechanical control measures
Illegal building developments have been rigorously monitored and appropriate action taken	The DEADP have assisted the Municipality by coordinating task teams to inspect/verify environmental and building by-law transgressions
Boating behavior has been effectively monitored, with no incidents of significance occurring	Regular patrols and inspections have resulted in a high level of compliance with the regulations
Department of Agriculture, Forestry and Fisheries' (DAFF) night patrols have been increased, reducing levels of illegal fishing	DAFF has recognized the importance of protecting threatened species and have been more proactive in this regard

Table:120 Environmental Protection Highlights

3.15.3 Challenges: Environmental Protection

The table below specifies the challenges for the year:

Description	Actions to address
Water pollution	Action is needed to prevent illegal dumping of waste into the river and estuary
Alien clearing	This remains an ongoing challenge on land and in the water and efforts need to be escalated to address the problem
Illegal / unauthorized site clearing and building	This remains an ongoing problem, with landowners often adopting a cavalier attitude with regards to the by-laws and regulations. More inspections need to be done, particularly from the water where transgressions are more visible

Table:121 Environmental Protection Challenges

3.15.4 Lower Breede River Conservancy Trust (LBRCT) Environmental Activities

The following table indicates the activities of LBRCT

Inspections at slipways	2016/17	2017/18
Recreational river boats	379	175
Recreational sea boats	4	5
Commercial sea boats	13	14

Table:122 Inspections at Slipways

The LBRCT has four appointed environmental law enforcement officers who are appointed to act in terms of the municipal by-laws as well as to assist with monitoring and enforcement of the Marine Living Resources Act (MLRA). There are six public slipways which need to be checked. The majority of anglers use the estuary for fishing as well as for access to the sea and need to be checked in terms of fish catches and compliance to the municipal by-laws. The LBRCT is tasked to record catch statistics which are then sent to the relevant Department of Agriculture, Forestry and Fisheries (DAFF) scientists.

The table below specifies the number of patrols:

Patrols	2016/17	2017/18
Vehicle/motorbike patrols	340	233
Foot patrols	144	265
Boat patrols	272	225

Table:123 Number of Patrols

There are 470 slipways and jetties located on the Swellendam side of the estuary. The best way (and sometimes only way) to check these boats is on the water by patrol boat. The LBRCT conducts boat patrols to check boats and conducts foot and motorbike patrols to reach the more difficult places where bait organisms are being removed. Boat patrols are

also used to check other environmental concerns such as illegal developments and contraventions in terms of NEMA. The LBRCT is expected to conduct site inspections for development applications as well as EIA's.

The table below specifies the number of fish outlet inspections:

Number of fish outlet inspections	2016/17	2017/18
Restaurant	0	0
Fish shop	0	0
Hotel	0	0

Table:124 Fish Outlet Inspection

This is an important control method to ensure that no recreational fish is sold illegally. The table below specifies the number of commercial fishery inspections:

Commercial fisheries inspections	2016/17*	2017/18*
Line fish	0	0
Oysters	0	0

*Due to failure by DAFF to renew the Memorandum of Understanding with Swellendam Municipality, enforcement of the Marine Living Resources Act (MLRA) is currently suspended.

Table:125 Commercial Fisheries Inspections

Commercial catches are monitored as operators have certain permit conditions and quotas that need to be complied with. No commercial fishing is allowed in the estuary.

The following table indicates the number of warnings and prosecutions:

Warnings(W) and prosecutions (P)	2016/17		2017/18	
	W	P	W	P
MLRA	0	0	0	0
Municipal by-law	71	4	30	4
NEMA	0	0	5	0
Total fine amounts (R Value)	0 (pending)		3 (pending)	

Table:126 Warnings and Prosecutions

3.15.5 Environmental Education and Liaison Activities

The table below specify the environmental education and liaison activity:

Liaison Meetings	2016/17	2017/18
Number of meetings	18	16

Table:127 Liaison Meetings

The LBRCT/Municipality is well represented at all major local conservation initiatives, including the Municipal Coastal Committees, the Overberg Integrated Conservation Group and the Breede River Estuary Advice Forum, to name a few.

The following table indicates the educational presentations for the year:

Educational Presentations	2016/17	2017/18
Number of education activities	23	18
Number that attended	500	375

Table:128 Educational Presentations

The LBRCT has kept up regular educational activities and presentations to improve the knowledge of local communities. Topics of presentations are kept around local issues and have been well received. There is also a monthly conservator report that is sent out to a wide support base that focuses on the conservation of the Breede River estuary.

The following table indicates the media release issued during the year:

Media releases	2016/17	2017/18
Local information	1 600	1 546
By-Law information	1 600	1 546
DAFF Do's and Don'ts	1 000	1 000
By-Law notices	0 (no new by-laws published)	0 (no new by-laws published)
Monthly conservator reports	8 000	8 000
Article in news paper	28	16
Social media (Facebook)	Weekly postings	Weekly postings

Table:129 Media Releases

The table below specifies the special events and workshops hosted:

Special events and workshops	2016/17	2017/18
Number of events	23	15

Table:130 Special Events and Workshops

The table below specifies the angling competitions hosted:

Angling Competitions	2016/17	2017/18
Number of competitions	3	0
Number of anglers	304	0

Table:131 Angling Competitions

The municipal by-law requires any activity such as fishing competitions, regattas and other events to be approved by the Municipality before commencement.

COMPONENT F: SECURITY AND SAFETY

This component includes: traffic; law enforcement; fire and disaster management

The Swellendam Municipality is eager to ensure a safe environment for the public, personnel and councillors. The Municipality therefore makes use of private security firms to ensure the safety of the personnel and councillors, as well as members of the public that visit municipal offices. The council chambers are under camera surveillance and specialised security forces are contracted to oversee the security during council meetings. Traffic Services also assists in this regard. Security is restricted to the main office building in Voortrekker Street and the engineering offices and stores in Lindt Street. All municipal buildings are equipped with alarm systems connected to armed response security.

3.16 LAW ENFORCEMENT

3.16.1 Introduction to Law Enforcement

Law Enforcement is basically a SAPS function and the municipal services in this regard is restricted to policing of municipal by-laws. The aim of the Law Enforcement Unit is to ensure obedience to municipal by-laws and to create an environment that will further the social and economic development of the community. It is of utmost importance that the community feel safe and can participate without fear and prejudice in the affairs of the Municipality. The quality of life of the inhabitants and the visitors is dependent on a healthy and safe environment and therefore the municipal by-laws must be adhered to.

The community and their families must feel safe to make use of and relax in public open spaces and municipal facilities. It is for this reason that we are currently employing 8 Law Enforcement Officers. This has resulted into law enforcement of the Municipality being much more visible and rules and regulations being enforced successfully.

3.16.2 Highlights: Law Enforcement

The table below specifies the highlights for the year:

Highlights	Description
National advance diving course	2 Law enforcement officers received training in the National Advance Diving Course
Drivers licenses obtained	3 Law enforcement officers obtained their drivers licenses which enable them to investigate complains without supervision

Table:132 Law Enforcement Highlights

3.16.3 Challenges: Law Enforcement

The table below specify the challenge for the year:

Description	Actions to address
Insufficient budget	Budgetary provisions must be made to procure additional law enforcement uniforms and equipment

Table:133 Law Enforcement Services Challenge

3.16.4 Employees: Law Enforcement

The following table indicates the staff composition for this division:

Job Level	2017/18			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0%
4 - 6	0	0	0	0%
7 - 9	4	2	2	50%
10 - 12	0	0	0	0%
13 - 15	0	0	0	0%
16 - 18	0	0	0	0%
19 - 20	0	0	0	0%
P.T.I.	0	0	0	0%
Total	4	2	2	50%
*P.T.I. – personnel to incumbent Employees and Posts numbers are as at 30 June				

Table:134 Employees: Law Enforcement

3.16.5 Capital: Law Enforcement

There were no capital projects for the 2017/18 financial year.

3.17 TRAFFIC SERVICES**3.17.1 Introduction to Traffic Services**

The Municipality renders a comprehensive traffic service including traffic law enforcement, road markings, road traffic signs, law enforcement in general and a shared disaster management in conjunction with the Overberg District Disaster Management Unit.

We endeavor to educate and create a culture of compliance and willingness to obey to traffic law, rules and regulations and operate on the legal mandate of NRTA 93/96 and NLTA 5/2009. Operational activities *inter alia* include roadblocks, high visibility, random vehicle checkpoints, execution of traffic related warrants and traffic laws and policing of municipal by-laws.

Traffic also partner with other law enforcement agencies, like the SAPS, LBRCT and Provincial Traffic Services to minimize road deaths and other crime related problems.

The Municipality does not have a Disaster Management Unit, even though the service must be provided to the community and actions to address this matter has been set in place.

Several awareness campaigns regarding road safety and fire protection are conducted throughout the year. The Municipality prides itself in enforcing its by-laws diligently and ensuring that the Swellendam municipal area is a safer place for all.

3.17.2 Highlights: Traffic Services

The table below specifies the highlights for the year:

Highlights	Description
Appointment of manager	A new Manager: Traffic Services was appointed
Extension of traffic building	Phase 1 of the building extension has been completed and phase 2 will be completed early in 2018/19

Table:135 Traffic Services Highlights

3.17.3 Challenges: Traffic Services

The table below specify the challenges for the year:

Description	Actions to address
Shortage of traffic officers and administrative staff	Budgetary provision must be made to appoint additional personnel

Table:136 Traffic Services Challenges

3.17.4 Service Statistics for Traffic Services

The table below specifies the service delivery levels for the year:

Details	2016/17	2017/18
Motor vehicle licenses processed	11 491	32 585
Learner driver licenses processed	523	967
Driver licenses processed	236	1 745
Driver licenses issued	2 018	2 903
Fines issued for traffic offenses	Provincial/Mun 8 782	Provincial/Mun 9 237

Details	2016/17	2017/18
	(Speed 69 096)	(Speed 86 429)
R-value of fines collected	8 242 173	9 707 786
Roadblocks held	33	35
Complaints attended to by Traffic Officers	316	130
Number of officers in the field on an average day	4	3
Number of officers on duty on an average day	6	6

Table:137 Service Statistics for Traffic Services

3.17.5 Employees: Traffic Services

The following table indicates the staff composition for this division:

Job Level	2017/18			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 – 3	0	0	0	0
4 - 6	6	3	3	50
7 - 9	8	4	4	50
10 - 12	11	7	4	36.4
13 - 15	1	1	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
P.T.I.	2	2	0	0
Total	28	17	11	39.29

**P.T.I. – personnel to incumbent*
Employees and Posts numbers are as at 30 June

Table:138 Employees: Traffic Services

3.17.6 Capital: Traffic Services

The following table indicates the capital expenditure for this division:

Capital Project	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total Project Value
Traffic vehicles	170 000	163 790	163 790	0	163 790
Isuzu KB200	62 500	60 790	60 790	0	60 790
Extension of traffic offices	600 000	665 000	656 775	8 225	971 150

Capital Project	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Adjustment Budget	Total Project Value
Total	832 500	889 580	881 355	8 225	1 195 730

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)

Table:139 Capital Expenditure 2016/17: Traffic Services

COMPONENT F: SPORT AND RECREATION

3.18 SPORT AND RECREATION

3.18.1 Introduction to Sport and Recreation

In terms of our mandate we make facilities, such as sport fields, available to the broader community. The Municipality is responsible for development of the facilities and the upgrade thereof whilst the sport clubs leases the facilities and agreed upon, must maintain it.

The Municipality develops and maintains community parks, halls, camp sites and the caravan park. This places an enormous financial burden on the Municipality, with its limited staff capacity and finances.

The vastness of the municipal footprint demands a duplication of all services throughout the area and poses to be a well-oiled machine due to strict adherence to planning and implementation schedules.

The following infrastructure presently exist: sport grounds for rugby, soccer and netball in Swellendam, Barrydale, Suurbraak, Buffelsjagsriver and cricket pitch. Community Halls are the Swellendam Town Hall, Railton Community Hall, Suurbraak Community Hall, Buffelsjagsrivier Community Hall and Barrydale Community Hall.

The Municipality is also responsible for maintaining community parks throughout the area and the Swellendam Caravan Park is in the process of being upgraded and beautified.

3.18.2 Highlights: Sport and Recreation

The table below specify the highlights for the year:

Highlights	Description
Upgrade of Railton sports facility	The Railton sports facility was upgraded with a new club house and spot lights

Table:140 Sport and Recreation Highlights

3.18.3 Challenges: Sport and Recreation

The table below specify the challenges for the year:

Description	Actions to address
Limited versatility of facilities to cater for all sporting codes	Apply for MIG and other funding sources in order to ensure that facilities can cater for all sporting codes

Table:141 Sport and Recreation Challenges

3.18.4 Service Statistics for Sport and Recreation

The table below specifies the service delivery levels for the year:

Type of service	2016/17	2017/18
Community parks		
Number of parks with play park equipment	3	3
Number of wards with community parks	6	6
Sport fields		
Number of wards with sport fields	3	3
R-value collected from utilization of sport fields	0	0

Table:142 Service Statistics for Sport and Recreation

3.18.5 Employees: Sport and Recreation

The following table indicates the staff composition for this division:

Job Level	2017/18			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	6	5	1	16.67
4 - 6	35	27	8	22.9
7 - 9	11	9	2	18.18
10 - 12	0	0	0	0
13 - 15	1	1	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
P.T.I.	0	0	0	0
Total	53	42	11	20.75

*P.T.I. – personnel to incumbent

Employees and Posts numbers are as at 30 June

Table:143 Employees: Sport and Recreation

3.18.6 Capital: Sport and Recreation

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Shelter sportgrounds Buffeljagsriver	15 000	0	0	0	0
Railton sport stadium phase 2	877 193	3 646 907	3 644 574	2 333	3 644 574
Irrigation	10 000	0	0	0	0
Trailers for equipment - Swellendam	30 000	0	0	0	0
Nissan Cabstar UD40	120 000	116 717	116 717	0	116 717
Fridges x4	0	17 299	17 299	0	17 299
Geysers	0	19 876	0	19 876	19 876
Braai facilities and rest sets	0	55 674	64 530	(8 856)	64 530
Total	1 052 193	3 856 473	3 843 120	13 353	3 862 996

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)

Table:144

Capital Expenditure 2017/18: Sport and Recreation

COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: executive and council; financial services; human resource services; ICT services; legal services; and procurement services.

3.19 EXECUTIVE AND COUNCIL

This component includes: Executive Office (Mayor; councillors; and Municipal Manager).

3.19.1 Introduction to Executive and Council

The Council consists of 11 councillors, including the Executive Mayor, Deputy Executive Mayor and Speaker as determined by the MEC for Local Government in the Western Cape. It is a category B municipality with a mayoral executive system combined with a ward participatory system as provided for in the Western Cape Determination of Types of Municipalities Act, 2000. In terms of Section 57 of the MSA the Municipal Council elects an Executive Mayor and Deputy Executive Mayor. The Executive Mayor is entitled to receive reports from council committees and to forward it to Council with a recommendation or dispose of the matter in terms of his delegated powers.



3.19.2 Highlights: Executive and Council

The table below specifies the highlights for the year:

Highlights	Description
Legislative and administrative authority	Council and its committees meet as prescribed. Council continues to make, review and administer by-laws for the effective administration of the functions assigned to it
Ward committees	All ward committees (6) are functional and enhance participatory democracy
Municipal Public Accounts Committee (MPAC) functionality	The non-functionality of the MPAC was successfully addressed when a new Chairperson was appointed on 28 September 2017 and the committee has duly considered the Oversight Report of the 2016/17 Annual Report before its submission to Council

Table:145 Executive and Council Highlights

3.19.3 Employees: Executive and Council

The following table indicates the staff composition for this division:

Job Level	2017/18			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 – 3	0	0	0	0
4 - 6	8	3	5	62.5
7 - 9	7	4	3	42.9
10 - 12	13	8	5	38.5
13 - 15	2	2	0	0
16 - 18	2	2	0	0
MM and Directors	4	4	0	0
Intern: IA	1	1	0	0
P.T.I *	1	1	0	0
Admin Support: Political Offices	4	4	0	0
Total	42	29	13	30.95

*P.T.I. – personnel to incumbent

Employees and Posts numbers are as at 30 June

Table:146 Employees: Executive and Council

3.19.4 Capital: Executive and Council

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Blinds - Council chambers	10 000	2 066	2 066	0	2 066
Cupboards - Kitchen	10 000	0	0	0	0
Total	20 000	2 066	2 066	0	2 066

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)

Table:147 Capital Expenditure 2017/18: Executive and Council

3.20 FINANCIAL SERVICES

3.20.1 Introduction to Financial Services

Sound financial management practises are essential for municipalities. The major challenge for municipalities is long term financial sustainability. The MFMA aims at directing municipalities in a sustainable financial environment and to modernise financial management practices. The act places municipalities on a financially sustainable footing and supports co-operative government between all spheres of government. Successful implementation of the provisions of the act will maximise the capacity of municipalities to deliver services to their residents, users and customers.

It is critical for the Municipality to review how we conduct our business to ensure that value for money is obtained in all our expenditures, that revenue administration systems are operating effectively, and that creditors (including bulk service providers) continue to be paid timeously and in full.

3.20.2 Highlights: Financial Services

The table below specifies the highlights for the year:

Highlights	Description
Clean audit	Received third clean audit in 2016/17
Payment percentage	The fifth year the payment percentage exceeding 99%
Cashflow	Improvement of the cash flow situation of the Council

Table:148 Financial Services Highlights

3.20.3 Employees: Financial Services

The following table indicates the staff composition for this division:

Job Level	2017/18			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 – 3	0	0	0	0
4 – 6	9	3	6	66.67
7 - 9	10	6	4	40
10 - 12	16	10	6	37.5
13 - 15	3	3	0	0
16 - 18	1	1	0	0
Chief Financial Officer	1	1	0	0
P.T.I *	12	12	0	0
Financial Interns	4	2	2	50
Total	56	38	18	32.14
*P.T.I. – personnel to incumbent Employees and Posts numbers are as at 30 June				

Table:149 Employees: Financial Services

3.20.4 Capital: Financial Services

The following table indicates the capital expenditure for this division:

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Computer equipment	0	400 000	382 678	17 322	382 678
Office furniture - All departments	50 000	97 381	56 117	41 264	56 117
Changes to income offices	50 000	49 844	49 844	0	49 844
ICT network	186 750	166 750	150 017	16 733	150 017
Total	286 750	713 975	638 656	75 319	638 656
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

Table:150 Capital Expenditure 2017/18: Financial Services

3.21 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

3.21.1 Introduction to ICT Services

Information and Communication Technology (ICT) forms part of the Directorate: Financial Services. The ICT Department is responsible to plan, coordinate and render ICT services to the Municipality to ensure efficient operations and support services in terms of the ICT Strategy and Policy.

The functions of the ICT Department include:

- Develop and implement an ICT Strategy and policy for the Municipality
- Provide operations and support services
- Research, develop and maintain ICT systems
- Ensure network connectivity so that users have access to the network
- Install ICT equipment and appropriate software programmes to ensure the availability of services and licensing
- Provide expert advice regarding the acquisitions of maintenance of ICT equipment and systems
- Maintain ICT systems to ensure the efficient operations of all systems

3.21.2 Highlights: ICT Services

The highlights for the year under review were as follow:

Highlights	Description
Fibre internet	New fibre internet lines were installed by Telkom and Neotel
Telephone system	Telkom installed a new telephone system to reduce costs
Networks	New networks switches and equipment were installed

Table:151 Highlights: ICT Services

3.21.3 Challenges: ICT Services

Challenges that are experienced includes the following:

Description	Actions to address
mSCOA	Transition to mSCOA on the financial system
Collaborator	Upgrade of collaborator server
Esri	Upgrade of Esri server
Networks	Ongoing upgrade of network infrastructure

Table:152 Challenges: ICT Services

3.21.4 Service Delivery Levels: ICT Services

Details	2016/17	2017/18
Provide ICT support to all municipal departments by attending to requests within 4 working days	1 051	1 112
Total number of support requests/enquiries	1 051	1 112
Total number of support requests/enquiries solved within 4 days	1 051	1 112

Table:153 Service Data for ICT Services

3.22 HUMAN RESOURCE SERVICES**3.22.1 Introduction to Human Resource Services**

The broad objectives of the Human Resource Services division of the Municipality are to ensure that:

- The appropriate staff members are recruited, appointed and retained
- Staff members are optimally placed in relation to the needs of the organisation
- An environment is created conducive of staff performing their functions in line with their knowledge, experience and skills
- Staff members are adequately compensated and that their vested interests and benefits are professionally administered
- Staff members are allowed the opportunity to develop and be promoted in a physical environment that is free from safety, health and psychological hazards
- An organisational design is implemented that promotes productivity and sustains high levels of morale and ethical behavior
- A culture of discipline, equality, transparency and fairness is promoted in the workplace
- The organisation is free from all forms of discrimination and prejudice

In order to achieve these broader objectives, the Human Resource Services is organized in a manner to respond to the following functions:

- Organisational efficiency and improvement
- Staffing in relation to recruitment, selection and appointments
- Administration of employee benefits
- Skills development and training
- Occupational health and safety
- Labour relations
- Employee Assistance Program (EAP)
- Performance management

- Employment equity
- Change management
- Statistics and reporting
- EPWP and temporary contract administration

Organisational Efficiency and Improvement

The Municipality annually review the organisational efficiency and improvement and make the necessary amendments to the organisation structure. The staff establishment is not fully equipped as there are posts that cannot be filled due to a lack of funding. During the next review, emphasis will be placed on the vacancies in order to ensure that the structure and the budget is fully linked. The municipality will develop a human resources strategy in the 2018/19 financial year and flowing from the strategy a total review will be eminent.

Staffing Function

It is evident from the employment statistics below that a number of new appointments were made during the past year. Human Resources reports on vacant posts and the filling thereof on a monthly basis at the Corporate Portfolio Committee. Changes to the Employment Policy in 2017 allowed councilors to be represented on selection panels.

Some of the challenges that remain unresolved include:

- possible political influence over the selection of staff
- the scarcity of local candidates with appropriate skills to fill vacant posts
- the ever-increasing costs to appoint candidates with relevant qualifications and experience
- the costs of advertising and the additional cost that relocation of new staff can bring about
- the shortage of candidates meeting the “equity profile” who apply for vacant posts
- The focus of this function remains the filling of posts which are directly related to service delivery and legal compliance in the context of the Employment Equity Plan 2018 - 2021.

Financial Interns

Three financial interns are in the system. Their general conditions of employment were set out in the MFMA and the guidelines supplied by the National Treasury. The Internship Programme is funded by National Treasury. These contracts continue to provide much needed capacity to the Finance Department of Swellendam Municipality while they are accumulating valuable experience.

Work-Integrated Learning Students

During the year under review, ten students who are doing their Work Integrated Learning (WIL) were placed in different departments. These students have all completed their N6 –Theory at a Technical and Vocational Education and Training (TVET) College and must do 18 months practical in order to obtain their national diplomas. Whilst we offer these students the platform to gain valuable practical experience, they provide the Municipality with much needed administrative and

clerical skills. These students are part of the WIL-project funded by the LGSETA and are paid a monthly stipend of R1 500 to cover their transport and accommodation. In addition to the above, Human Resources also placed two Cape Peninsula University of Technology (CPUT) Chemical Engineering -students for periods ranging from 6 (six) months to eighteen (18) months on the “Water and Waste Water Plants”. Three students studying Electrical Engineering at different TVET Colleges were placed in the Electrical Department to gain first hand practical exposure in order to prepare them for future trade tests and advanced studies.

Expanded Public Works Programme (EPWP)

The Human Resources Services also administers the EPWP which is funded by the national- and provincial government and other short-term job creation projects. The most important ones include the following:

- During the period 1 July 2017 to 30 June 2018 two hundred and eleven opportunities were offered on short term contracts (EPWP) which ranged between 3 to 6 months on average.
- The Gamia project that focusses on the clearing of plastic and rubble from rivers, offered job opportunities to 61 persons.
- The 486 represents the total number of people employed under the EPWP programme, i.e. municipal contracts, small contractors and the direct employment through the grant funding. The latter represents 204 work opportunities
- Twenty-five stipend receiving students were offered an “Environmental Practice – NQF level 1” course for a period of 10 months.
- Fourteen students were put through a short course in welding and received monthly stipends for a period of four months.
- Fourteen students from Buffelsjagsrivier and Suurbraak who were trained by Boland College in “Water and Waste Water – NQF level 4” were placed on the municipal water plants and network for a period of nine months.

It is obvious from the above that the number of EPWP-workers and those on either short-term training or project-based contracts, are steadily rising. This is a big administrative and technical burden. However, these projects are the biggest attempt to alleviate unemployment and poverty in our community and must therefore be supported. The HR-Services is fully committed to grow this leg of our work and to support our community in the creation of learning and work opportunities for especially the youth and women. This we will do in an ethical and transparent manner with only the interest of the Swellendam community at heart.

The salary payments and benefits of the EPWP employees and students are administered through the same systems as that of the permanent staff and they receive similar rights and benefits to ensure that they are not in any way discriminated against or disadvantaged. This programme is a powerful mechanism to alleviate unemployment in this municipal area and offer participants short term financial relief during trying times. Doors to advanced studies, opportunity to graduate or just adding practical experience to their theoretical knowledge are all windows of opportunity for the many students doing their in-service with Swellendam Municipality.

Administration of Employee Benefits

The administration of the various types of leave and benefits is done on SAMRAS-software. During the past financial year, further progress was made in this functional area. All leave is now captured and stored electronically. Information or leave status reports can now be generated when required. It is envisaged that the number of leave days available to employees will in future be printed on monthly pay-slips, as soon as the payroll- and leave systems are synchronized. This function meets all the legal requirements and the staff is the beneficiaries of this improved user-friendly system.

The following claims were successfully settled during the period under review:

- Death claim of a staff member who died whilst still employed was finalized successfully
- Three retirement/pension payouts were finalized
- Awareness sessions to explain the benefit structures of both medical aid schemes and retirement funds were held regularly and forms part of a compulsory induction session for new employees.

Skills Development and Training

The Municipality has an obligation in terms of the Skills Development Act (97 of 1998), to develop its employees by providing training and development opportunities for them. A workplace skills plan (WSP) which outlines the needs with regards to training and skills development was submitted before the due date of 30 April 2017. The biggest challenges facing this function remains:

- Local Government Sector Education and Training Authority LGSETA is inconsistent and functions irresponsive to the needs of municipalities
- The Western Cape office is hampered due to capacity problems and cannot manage its workload in a manner that will offer better and more support to municipalities in rural areas
- An Assistant Skills Development Facilitator was appointed in June 2018 to handle this function at Swellendam Municipality
- There is a very limited internal budget available for training and development
- LGSETA funds are conditional to volumes of paperwork and bureaucratic processes with endless delays and uncertainties

Despite the challenges, during the period under review, the following courses were offered and candidates were awarded certificates in December 2017:

Name of Course	Name of Service Provider	Learners
Water and Waste Water Treatment Process Control Supervision NQF Level 4	Boland College / The Water Academy	5
Introduction to Middle Management	Western Cape Provincial Training Institute	4
Operating Regulations for High Voltage Systems (ORHVS) Training Level 4	ESKOM	7
Herbicide Training	Henchen	14

Name of Course	Name of Service Provider	Learners
Horticulture Learnership NQF Level 2	Boland Agri Training and Community Development Centre (LGSETA)	5
Local Government Accounting Certificate (LGAC) Learnership BL2000CC (Ceres)	BL2000CC (LGSETA)	3
Two-day Workshop	Ethics	10
Electricians	Belcomec Training	3
Middle Managers Mentoring and Coaching Programme	School of Public Leadership (SPL)	1
Occupationally Directed Education, Training and Development (OD-ETD)	Africa Competency Development	1
Records Management Course	Western Cape Government	1
Plumber	Belcomec Training	1
Minimum Municipal Competency (MMC)	Stellenbosch University	9

The academic knowledge that these qualifications offer in the fields of financial management, strategic governance, ethics and legislation, will go a long way to better equip officials to understand the challenges in local government and to offer fresh and different solutions to overcome them.

The supervisory courses at junior and middle management also contributed significantly to the management of staff, assets and operational budgets. Supervisors are now better equipped to fulfill their tasks and to ensure that all resources are utilized to the maximum and that waste is minimized. All these courses are linked to priority areas in the spectrum of services that the Municipality must deliver to its constituency. Improved knowledge and understanding will inevitably enhance the outcomes of the service delivery process.

Occupational Health and Safety

The Occupational Health and Safety Act (85 of 1993) and the Compensation for Occupational Injuries and Diseases Act (130/1993) govern this field in South Africa. The first law intends to protect employees against accidents and diseases and the second set procedures in place to compensate employees who suffered injury or contracted diseases when control measures fail. Both these laws have stiff penalties and even prison sentences when it is proven that the employer was negligent or deliberately ignored his duties and responsibilities as outlined in these laws.

The Municipality made consistent efforts during the year under review to meet its legal obligations in terms of these laws. The maintenance and upgrade of the fire equipment at the municipal buildings are a continued priority and most of the community halls and clubs were supplied with sufficient firefighting equipment. The designated service provider will also assist with the emergency evacuation plans at buildings. Quarterly Health and Safety Committee Meetings are held and the Health and Safety Representatives are actively involved in all aspects. Health and Safety "Inspection Reports" of the different departments and the "Injury on Duty Reports" are tabled at these meetings for monitoring and discussion. The number of injuries on duty and the causes thereof is monitored and these statistics are made available

to the health and safety committee and the Local Labour Forum (LLF). We are lucky to report that we had no serious injuries and must thank our employees for their effort in this regard.

The minutes of the Health and Safety Committee is tabled for discussion at LLF meetings and issues raised are taken up with the relevant line management to ensure that corrective action is taken.

The risk audit of the municipal buildings showed that some of the buildings could pose a health and safety risk for employees and visitors to those buildings. The risk will be assessed by a professional engineer and depending on the report and also availability of funds decisions must be made on the use of those buildings. The audit also shows that a number of the municipal buildings are not accessible for people with disabilities or wheelchair friendly and must be addressed in the new financial year.

The supply and issuing of protective clothing and other safety equipment are an important component of occupational health and safety that are monitored by the health and safety representatives and supervisors of the different departments. The Municipality through its supply chain management system ensures that all protective clothing and safety equipment complies with the required safety standards.

Labour Relations

All labour relations administration matters are dealt with in accordance with the relevant collective agreements and applicable legislation. The section is promoting and maintaining sound labour relations by rendering appropriate advice and guidance on labour relations matters to managers, supervisors and employees, as well as consulting with unions on matters of interest, when required.

This professional manner in which labour relations are dealt with contributes to the building of relationships amongst all levels of employees and most importantly the trust relationship between the Municipality as employer, and the employees. Workshops with employees on the Code of Ethics, Code on Conduct and Discipline in the workplace and an Anti-Corruption Campaign were held in all towns and departments. The workshops ensure that employees are updated with all new policies, procedures and employees get the opportunity to give input in this regard.

The correct interpretation and application of legislation, collective agreements and policies are essential to ensure compliance therefore the municipality relies on good and effective communication with all role players in this regard, especially the labour unions. There are also matters that are not regulated by collective agreements that need to be consulted with organized labour in the LLF. The functionality of the LLF ensures continued deliberation on matters of mutual interest between the Municipality and organised labour. The forum meets monthly and parties are focused on resolving issues. The training and development of employees, occupational health and safety and the consultation of new and revised policies are standing items on the agenda of the LLF due to the fact that these items have a direct impact on the organisation and the functionality of employees.

The Human Resources functions include to assist and advise employees, managers and unions on labour relations issues and by doing this ensures sound labour relations in the workplace.

Employee Wellness

Even with the advent of technology, human beings are still by far the most valuable asset of most workplaces. Employees in the Municipality often work under tremendous conditions, interfacing with the community, whilst confronted by their own personal challenges. Therefore an employer offers support and assistance to employees on a humanitarian and moral ground.

Most adults spend more of their waking hours at work than anywhere else, making it a prime venue for promoting healthful habits.

The worksite organizational culture and environment are powerful influences on human behavior and must be put to use as a means of assisting employees to adopt a healthier lifestyle.

In the light of the financial constraints facing the Municipality, it is at present not possible to have a fully-fledged programme with dedicated official/s to deal with vulnerable employees or their families that are:

- Stressed and depressed due to work or personal circumstances
- Dependent on drugs/alcohol
- Experience trauma like divorce, domestic violence or death of family
- Diagnosed with chronic and life threatening disease

Despite the above-mentioned fact, the Human Resource Department continues to coordinate support for employees in distress. Counseling sessions were done with employees whose personal circumstances affect their work performance negatively. The employee's spouses and their union representatives were involved in these sessions and the outcomes are very positive.

The Human Resources Department organised an awareness program on "stress" and the effect it can have on the productivity of employees. The focus was on the importance of identifying the problem and the assistance that are available through the health departments. Employees were given the opportunity to be tested for HIV/AIDS, TB and other illnesses. As with previous years the staff of Swellendam Hospital played an important role to make a success of the wellness programs.

Employees are encouraged to make use of the wellness programs and can also privately discuss any problems that may affect their functionality and productivity in the workplace. Human Resources plays an active part to ensure that those vulnerable employees are dealt with in the best possible way.

Employment Equity

The Employment Equity Plan (EEP) must be taken into consideration when posts are filled and race classification, gender and disability status must be in line with the goals set for the specific occupational level in which the vacant post falls.

A new EEP was drawn up and finalized in December 2015. The formulation process was done in full consultation with all the stakeholders, including the two unions. A number of awareness sessions were arranged to highlight the

importance and purpose of the EEP 2016/2018 before it was submitted to the LLF for final approval. Annual “Employment Equity Reports” will be submitted to the Department Labour in January of each year to report on progress.

The main challenges regarding the equity profile of the Municipality include:

- The low application rate of candidates meeting the equity profile
- The poor quality of applications from target groups
- High cost of living in Swellendam to attract persons in target groups
- Lack of rental properties to accommodate candidates who would like to move to Swellendam from the target groups.

Change Management

A popular definition of change management reads as follows: “*Change management is the process, tools and techniques to manage the people-side of business change to achieve the required business outcome and to realize that business change effectively within the social infrastructure of the workplace.*”

From the above it is clear that change management consists of efforts that aim to change or redirect human perceptions, attitudes and actions to achieve improved organisational and/or individual performance. In many respects, Human Resources is the best positioned to play this role to bring about new thought in the way we manage and utilize our organisational and human resources. In harmony with other departments, it continuously strives to bring about innovative and creative ways to maximize service delivery to the community whilst minimizing labour and organisational costs.

Reporting and Provision of Statistical Data

This has now become a fully-fledged function that demand dedicated time and energy from Human Resources. Monthly, quarterly, semester and annual reports to COGTA, national and provincial government and National and Provincial Treasury has become the order of the day. Often different government departments request the same information in different formats or templates. This function also put pressure on the software to provide faster and more accurate statistics more often. We can only hope that a more standardized approach will be followed in future by those seeking information from municipalities in order to ease the pressure on Human Resource staff and resources.

3.22.2 Employees: Human Resource Services

The following table indicates the staff composition for this division:

Job Level	2017/18			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	2	0	2	100
7 - 9	2	2	0	0
10 - 12	2	2	0	0
13 - 15	1	1	0	0
16 - 18	1	1	0	0
19 - 20	0	0	0	0
P.T.I. *	1	1	0	0
Total	9	7	2	22.22
*P.T.I. – personnel to incumbent Employees and Posts numbers are as at 30 June				

Table:154 Employees: Human Resources

Employees: Office Cleaners and Messengers				
Job Level	2017/18			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	6	4	2	33.3
4 - 6	1	1	0	0
7 - 9	0	0	0	0
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
P.T.I.*	1	1	0	0
Total	8	6	2	25
*P.T.I. – personal to incumbent Employees and Posts numbers are as at 30 June				

Table:155 Employees: Office Cleaners and Messengers

3.22.3 Capital: Human Resource Services

Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Air conditioners x1	10 000	8 600	8 600	0	8 600
Fire extinguishers and signs	40 000	21 500	21 500	0	21 500
Total	50 000	30 100	30 100	0	30 100

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)

Table:156 Capital Expenditure 2017/18: Human Resource Services

3.23 PROCUREMENT SERVICES**3.23.1 Highlights: Procurement Services**

The table below specifies the highlights for the year:

Highlights	Description
Development of standard operating procedures (SOP's)	SOP's have been developed to improve procedures and to enhance service delivery
Internal control	Continuous improvement of internal controls
Revision of SCM delegations	SCM delegations have been reviewed to reduce red tape
Supplier performance	Improved reporting and monitoring of supplier performance

Table:157 Procurement Services Highlights

3.23.2 Challenges: Procurement Services

The table below specifies the challenges for the year:

Description	Actions to address
Lack of procurement planning	Improve planning and sourcing strategies to ensure that goods and services are delivered as required
Decentralised procurement	Procurement must be centralised
Contract management and administration	Contracts should be monitored, expenditure on contracts should reported, unfair amendments or variations must be avoided and improve contract administration
Reporting	Improve reporting by generating more reliable data

Table:158 Procurement Services Challenges

3.23.3 Service Statistics for Procurement Services

The table below indicates a summary of deviations from the SCM Policy:

Description	Total No	Monthly Average	Daily Average
Requests processed	14 833	1 236	61
Orders processed	14 833	1 236	61
Requests cancelled or referred back	707	59	3
Extensions	13	1.08	0.05
Bids received (number of documents)	183	15.25	0.77
Bids awarded	20	1.6	0.08
Bids awarded ≤ R200 000	11	0.92	0.05
Appeals registered	5	0.4	0.002
Successful Appeals	1	0.08	0.004

Table:159 Service Statistics for Procurement Division

3.23.4 Details of Deviations for Procurement Services

Type of deviation	Value of deviations (R)	Percentage of total deviations value (%)	Value of deviations (R)	Percentage of total deviations value (%)
	2016/17		2017/18	
Clause 36(1)(a)(i)- Emergency	88 990	2.03	197 903.08	5.83
Clause 36(1)(a)(ii)- Sole Supplier	73 381	1.67	246 181.41	6.39
Clause 36(1)(a)(v)- Impractical/ impossible	4 216 855	96.00	3 395 846.24	88.09
Clause 36(1)(b) - Minor breaches	13 552	0.31	15 011.48	0.39
Total	4 392 778	100	3 854 942.21	100

Table:160 Statistics of Deviations from the SCM Policy

COMPONENT G: SERVICE DELIVERY PRIORITIES FOR 2018/19

The main development and service delivery priorities for 2018/19 forms part of the Municipality's Top Layer SDBIP for 2018/19 and are indicated in the table below:

3.24 DEVELOPMENT AND SERVICE DELIVERY PRIORITIES FOR 2018/19

3.24.1 To create a capacitated, people-centered institution

Ref	KPI	Unit of Measurement	Ward	Annual Target
TL20	The number of people from employment equity target groups employed in the three highest levels of management in compliance with the equity plan	Number of people employed	All	2
TL21	The percentage of the municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2019 [(Actual amount spent on training/total operational budget)x100]	% of the personnel budget spent on implementing the workplace skills plan by 30 June 2019	All	0.10%
TL22	Limit quarterly vacancy rate to less than 30% of funded posts [(Number of funded posts vacant / number of funded posts) x100]	% quarterly vacancy rate	All	30%
TL26	Review of the Reporting Procedures for allegations of Financial misconduct and Financial Offences 30 November 2018	Reviewed Reporting Procedures for allegations of Financial misconduct and Financial Offences by 30 November 2018	All	1

Table:161 To create a capacitated, people-centered institution

3.23.2 To create a safe and healthy living environment

Ref	KPI	Unit of Measurement	Ward	Annual Target
TL30	Review the Disaster Management Policy by 30 June 2019	Disaster Management Plan reviewed by 30 June 2019	All	1

Table:162 To create a safe and healthy living environment

3.23.3 To develop integrated and sustainable settlements with the view to correct spatial imbalances

Ref	KPI	Unit of Measurement	Ward	Annual Target
TL43	Complete 87 serviced sites for Barrydale Smitsville by 30 June 2019	Number of 87 serviced sites for Barrydale Smitsville completed by 30 June 2019	All	87
TL44	Complete 39 serviced sites for Buffeljagsrivier by 30 June 2019	Number 39 serviced sites for Buffeljagsrivier completed by 30 June 2019	All	39

Table:163 To develop integrated and sustainable settlements with the view to correct spatial imbalances

3.23.4 To enhance access to basic services and address maintenance backlogs

Ref	KPI	Unit of Measurement	Ward	Annual Target
TL1	Number of formal residential properties that receive piped water that is connected to the municipal water infrastructure network as at 30 June 2019	Number of residential properties which are billed for water or have pre paid meters as at 30 June 2019	All	6 196
TL2	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering) (Excluding Eskom areas) as at 30 June 2019	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2019	All	6 083
TL3	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) as at 30 June 2019	Number of residential properties which are billed for sewerage as at 30 June 2019	All	6 425
TL4	Number of formal residential properties for which refuse is removed once per week as at 30 June 2019	Number of residential properties which are billed for refuse removal as at 30 June 2019	All	6 139
TL5	Provide 6kl free basic water to indigent and poor households in terms of the approved indigent policy	Number of indigent and poor households receiving free basic water	All	1 930
TL6	Provide 50kwh free basic electricity to indigent households in terms of the approved indigent policy	Number of indigent households receiving free basic electricity	All	1 786
TL7	Provide 20kwh free basic electricity to poor households in terms of the approved indigent policy	Number of poor households receiving free basic electricity	All	144
TL8	Provide free basic sanitation to indigent households in terms of the approved indigent policy	Number of indigent households receiving free basic sanitation	All	1 786
TL9	Provide discounted basic sanitation to poor households in terms of the approved indigent policy (50% discount)	Number of poor households receiving discounted basic sanitation	All	144
TL10	Provide free basic refuse removal to indigent households in terms of the approved indigent policy	Number of indigent households receiving free basic refuse removal	All	1 786
TL11	Provide discounted basic refuse removal to poor households in terms of the approved indigent policy (50% discount)	Number of poor households receiving free basic refuse removal	All	144
TL16	Limit unaccounted for water to less than 30% by 30 June 2019 {(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified × 100}	% unaccounted for water by 30 June 2019	All	30%
TL17	Limit unaccounted for electricity to less than 15% by 30 June 2019 {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of	% unaccounted for electricity by 30 June 2019	All	15%

Ref	KPI	Unit of Measurement	Ward	Annual Target
	Electricity Units Purchased and/or Generated) × 100}			
TL31	90% of the roads and storm water maintenance budget spent by 30 June 2019{(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent by 30 June 2019	All	90%
TL32	90% of the electricity maintenance budget spent by 30 June 2019 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent by 30 June 2019	All	90%
TL33	90% of the waste water maintenance budget spent by 30 June 2019 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent by 30 June 2019	All	90%
TL34	90% of the water maintenance budget spent by 30 June 2019 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent by 30 June 2019	All	90%
TL35	90% of the refuse maintenance budget spent by 30 June 2019 {(Actual expenditure on maintenance divided by the total approved maintenance budget)x100}	% of the maintenance budget spent by 30 June 2019	All	90%
TL36	85% microbiological quality level achieved for water as per SANS 241	% microbiological water quality level achieved as per SANS 241 criteria	All	85%
TL38	Complete the progress Suurbraak upgrade Bulk Water Scheme: Phase 1 (second portion) Water Treatment Works by 30 June 2019	Number of upgrades completed at the Suurbraak Bulk Water Scheme: Phase 1 (second portion) Water Treatment Works by 30 June 2019	3	1
TL39	Spend 100% of the MIG funding allocated for completion of projects by 30 June 2019	% of budget spent by 30 June 2019	2	100%
TL40	Upgrade the Suurbraak Waste Water Treatment Works by 30 June 2019	Number of Upgrade completed by 30 June 2019	3	1
TL41	Complete progress on the Upgrading of Phase 2 (second portion) Railton gravel roads and stormwater channels by 30 June 2019	Number of Upgrades completed of Phase 2 (second portion) Railton gravel roads and stormwater channels completed by 30 June 2019	4; 5; 6	1
TL42	Complete the Bulk Electricity Supply to Railton Township Phase 2 by 30 June 2019	Number Upgrades completed of the Bulk Electricity Supply to Railton Township Phase 2 by 30 June 2019	All	1

Table:164 To enhance access to basic services and address maintenance backlogs

3.23.5 To enhance economic development with focus on both first and second economies

Ref	KPI	Unit of Measurement	Ward	Annual Target
TL37	Create temporary work opportunities in terms of EPWP by 30 June 2019	Number of temporary works created by 30 June 2019	All	146

Table:165 To enhance economic development with focus on both first and second economies

3.23.6 To improve financial viability and management

Ref	KPI	Unit of Measurement	Ward	Annual Target
TL12	The percentage of a municipality's capital budget actually spent by 30 June 2019[(Amount actually spent on capital projects/ Amount budgeted for capital projects)x100]	% of capital budget spent by 30 June 2019	All	90%
TL13	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations as at 30 June 2019 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	Debt to Revenue as at 30 June 2019	All	25.30%
TL14	Financial viability measured in terms of the outstanding service debtors as at 30 June 2019- (Total outstanding service debtors/ revenue received for services)	Service debtors to revenue as at 30 June 2019	All	18%
TL15	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2019 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Cost coverage as at 30 June 2019	All	1.8
TL18	Achieve a debtors payment percentage of 95% by 30 June 2019 ((Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue) x 100	Debtors payment percentage as at 30 June 2019	All	95%
TL19	Approve an action plan to address all the issues raised in the management letter of the Auditor General by 31 December 2019	Approved action plan by 31 December 2019 by MM	All	1

Table:166 To improve financial viability and management

3.23.7 To promote good governance and community participation

Ref	KPI	Unit of Measurement	Ward	Annual Target
TL23	Oversee the draft annual report i.t.o. the MFMA and submit to Council by 31 January 2019	Draft report submitted to Council by 31 January 2019	All	1
TL24	Complete the annual risk assessment and submit to the audit committee by 30 June 2019	Completed risk assessment submitted to the audit committee by 30 June 2019	All	1
TL25	Review the Financial Misconduct Terms of Reference of the Disciplinary Board as at 30 November 2018	Reviewed Financial Misconduct Terms of Reference of the Disciplinary Board by 30 November 2018	All	1
TL27	Compile the Risk Based Audit Plan (RBAP) and submit to the Audit Committee by 30 June 2019	RBAP submitted to the Audit Committee by 30 June 2019	All	1
TL28	90% of the RBAP for 2018/19 implemented by end June 2019 [(Number of audits and tasks completed for the period /Number of audits and tasks identified in the RRBAP)×100]	% of the RBAP implemented	All	90%
TL29	Conduct a customer care survey by 30 March 2019	Customer care survey conducted by 30 March 2019	All	1

Table:167 To promote good governance and community participation

CHAPTER 4

4.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

The following table indicates the Municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organizational Development.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2016/17	2017/18
The percentage of a municipality's budget spent on implementing its workplace skills plan	0.1%	0.15%

Table:168 National KPIs– Municipal Transformation and Organisational Development

4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Municipality currently employs **271** officials (including fixed term contract), who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

4.2.1 Employment Equity

The Employment Equity Act (1998) Chapter 3, Section 15(1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan".

a) Employment Equity vs. Population

Description	African	Coloured	Indian	White	Total
Population numbers	4 455	24 716	113	6 239	35 523
% Population	12.54	69.58	.32	17.56	100
Number for positions filled	27	216	0	28	271
% for Positions filled	9.96%	79.70%	0	10.34%	100%

Table:169 EE Population 2017/18 (including non-permanent officials)

b) Specific Occupational Categories - Race

The table below indicates the number of employees by race within the specific occupational categories:

Occupational Levels	Race				Total
	A	C	I	W	
Legislators, senior officials and managers	1	7	0	10	18
Professionals	0	6	0	7	13
Technicians & Associate Professionals	1	4	0	1	6
Clerical and Administrative Workers	4	72	0	8	84
Service and sales workers	2	8	0	0	10
Craft and related trades workers	0	27	0	2	29
Plant and machine operators and assemblers	5	17	0	0	22
Elementary occupations	14	75	0	0	89
Total	27	26	0	28	271

Table:170 Occupational Categories

c) Specific Occupational Levels - Race

The table below categories the number of employees by race within the occupational levels:

Occupational Levels	Race				Total
	A	C	I	W	
Top Management	0	2	0	3	5
Senior management	1	6	0	9	16
Professionally qualified and experienced specialists and mid- management	1	9	0	5	15
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	2	40	0	7	49
Semi-skilled and discretionary decision making	12	95	0	4	111

Occupational Levels	Race				Total
	A	C	I	W	
Unskilled and defined decision making	11	64	0	0	75
Total	27	216	0	28	271

Table:171 Occupational Levels

d) Departments - Race

The following table categories the number of employees by race within the different departments:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Municipal Manager	0	5	0	0	1	3	0	1	10
Corporate Services	0	5	0	4	4	11	0	3	27
Financial Services	0	13	0	3	1	17	0	5	39
Community Services	11	55	0	0	1	30	0	3	100
Engineering Services	9	74	0	8	0	3	0	1	95
Total	20	152	0	15	7	64	0	13	271

Table:172 Department - Race

4.2.2 Vacancy Rate

The approved organogram for the Municipality had **396** posts at the end of the 2017/18 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. **125** Posts were vacant at the end of 2017/18, resulting in a vacancy rate of **31.6%**.

Below is a table that indicates the vacancies (as per organogram) within the Municipality:

Per Post Level		
Post level	Filled	Vacant
MM & MSA section 57 & 56	5	0
T19 - T13	22	3
T12 – T4	161	96
T3 – T1	41	24
Personal-to-incumbent	26	0
Financial Interns	2	2
Internal Audit Intern	1	0
Library (Conditional Grant)	9	0
Admin. Support : Political Offices	4	0

Per Post Level		
Post level	Filled	Vacant
Total	271	125
Per Functional Level		
Functional area	Filled	Vacant
Municipal Manager	10	5
Corporate Services	27	10
Financial Services	39	18
Community Services	100	31
Engineering Services	95	61
Total	271	125

Table:173 Vacancy Rate per Post and Functional Level

The table below indicates the number of staff per level expressed as total positions and current vacancies express as full-time staff equivalents:

Salary Level	Number of current critical vacancies	Vacancy job title
Senior / Middle Management (T14-T19)	1	Town Planner
Highly skilled supervision (T4-T13)	4	Chief Library Services Artisan Plumber (2) Foreman Parks

Table:174 Vacancy Rate per Salary Level

4.3 MANAGING THE MUNICIPAL WORKFORCE

Managing the municipal workforce refers to analyzing and coordinating employee behavior.

4.3.1 Injuries

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

The injury rate shows a slight increase for the 2017/18 financial year to **58** employees injured against **53** employees in the 2016/17 financial year.

The table below indicates the total number of injuries within the different directorates for 2016/17 and 2017/18:

Directorates	2016/17	2017/18
Municipal Manager	0	0
Corporate Services	0	0
Financial Services	1	2
Community Services	20	20
Engineering Services	20	21
Sub total	41	43
Contract personnel: EPWP	12	15
Total	53	58

Table:175 Injuries

4.3.2 Sick Leave

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

The total number of employees that have taken sick leave during the 2016/17 financial year shows an increase when compared to the 2015/16 financial year. The 3-year sick leave cycle started on 1 January 2016.

The table below indicates the total number sick leave days taken within the different directorates:

Department	2016/17	2017/18
Municipal Manager	71	27
Corporate Services	194	170
Financial Services	322	307
Community Services	712	839
Engineering Services	677	815
Total	1 976	2 158

Table:176 Sick Leave

4.4 CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose, the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).



4.4.1 Skills Matrix

The table below indicates the number of employees that received training (skills programs, short courses, etc.) in the year under review:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers	0	2	0	0	0	0	0	0	2
Professionals	0	0	0	0	0	1	0	2	3
Technicians and associate professionals	0	0	0	0	0	0	0	0	0
Clerks	0	2	0	0	0	12	0	3	17
Service and sales workers	0	2	0	0	0	0	0	0	2
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	1	0	0	0	1	0	0	2
Elementary occupations	2	14	0	0	0	0	0	0	16
Total	2	21	0	0	0	14	0	5	42

Table:177 Skills Matrix

4.4.2 MFMA Competencies

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, “(1) No municipality or municipal entity may, with effect 1 January 2013, employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations.”

6 Employees were identified to obtain the abovementioned qualification and prescribed competencies.

Based on the above most of our staff will comply with the requirements of Government Notice 493 of June 2007.

The table below provides details of the financial competency development progress as required by the regulation:

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials				
Accounting officer	1	1	1	0
Chief financial officer	1	0	1	1
Senior managers	3	0	3	2
Any other financial officials	20	0	0	13
Supply Chain Management Officials				
Heads of supply chain management units	1	0	1	1
Supply chain management senior managers	0	0	0	0
Total	26	1	6	17

Table:178 Budget Allocated and Spent for Skills Development

4.5 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

4.5.1 Personnel Expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years and that the municipality is well within the national norm of between 35 to 40%:

Financial year	Total Expenditure Salary and Allowances	Total Operating Expenditure	Percentage
	R'000	R'000	
2016/17	76 256	213 206	35.77
2017/18	80 915	238 316	33.95

Table:179 Personnel Expenditure

Below is a summary of Councilor and staff benefits for the year under review:

Financial year	2016/17	2017/18		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Councillors (Political Office Bearers plus Other)				
All inclusive package	4 379	5 124	4 970	4 954
Sub Total	4 379	5 124	4 970	4 954
% increase/ (decrease)	-6.15%	17.01%	-3.01%	-0.32%
Senior Managers of the Municipality				
Basic Salaries	4 422	6 002	4 359	4 306
Pension Contributions	547	0	550	536
Medical Aid Contributions	77	0	104	89
Motor vehicle allowance	447	0	513	359
Cell phone allowance	50	0	11	54
Housing allowance	0	0	0	0
Performance Bonus	537	0	653	599
Other benefits or allowances	132	0	137	323
In-kind benefits	0	0	0	0
Sub Total	6 213	6002	6 327	6 266
% increase/ decrease	11.28%	-3.39%	5.40%	-0.77%
Other Municipal Staff				
Basic Salaries and Wages	43 095	50 231	51 817	44 608
Pension Contributions	7 121	8 892	8 705	7 793
Medical Aid Contributions	3 773	6 588	5 146	5 114
Motor vehicle allowance	2 608	4 419	4 111	3 610
Cell phone allowance	0	0	2	111
Housing allowance	417	591	596	439
Overtime	3 103	3 207	3 194	3 295
Other benefits or allowances	9 926	5 109	9 204	9 679
Sub Total	70 043	79 037	82 775	74 649
% increase/ decrease	-0.78%	12.84%	4.73%	-9.83%
Total Municipality	76 256	85 039	89 102	80 915
% increase/ decrease	0.10%	11.52%	4.78%	-9.19%

Table:180 Personnel Expenditure

CHAPTER 5

This chapter provides details regarding the financial performance of the Municipality for the 2017/18 financial year.

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The Statement of Financial Performance provides an overview of the financial performance of the Municipality and focuses on the financial health of the Municipality.

5.1 FINANCIAL SUMMARY

The table below indicates the summary of the financial performance for the 2017/18 financial year:

The table below shows a summary of performance against budgets:

Financial Summary						
R'000						
Description	2016/17	2017/18			2017/18 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	32 603	34 958	35 414	35 122	0.47	-0.83
Service charges	100 419	104 954	104 362	104 716	-0.23	0.34
Investment revenue	0	2 461	3 700	4 184	41.18	11.56
Transfers recognised - operational	35 030	37 264	43 118	40 287	7.50	-7.03
Other own revenue	45 698	36 883	35 070	44 761	17.60	21.65
Total Revenue -excluding capital transfers and contributions	213 686	216 521	221 663	229 071	5.48	3.23
Employee costs	76 256	85 039	89 100	80 915	-5.10	-10.12
Remuneration of councilors	4 379	5 124	4 970	4 954	-3.42	-0.31
Depreciation & asset impairment	9 126	10 830	10 290	7 474	-44.90	-37.68
Finance charges	6 177	6 193	4 894	6 636	6.67	26.24
Materials and bulk purchases	50 442	67 909	72 669	51 602	-31.60	-40.83
Transfers and grants	1 586	1 482	1 733	1 297	-14.29	-33.65
Other expenditure	65 318	55 853	59 934	84 402	33.83	28.99
Total Expenditure	213 285	232 429	243 589	237 279	2.04	-2.66
Surplus/-Deficit	401	-15 909	-21 926	-8 209	-93.81	-167.12
Transfers recognised - capital	14 242	14 810	19 773	17 491	15.33	-13.04
Contributions recognised - capital & contributed assets	64	0	0	31	100.00	100.00

Financial Summary						
R'000						
Description	2016/17	2017/18			2017/18 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Surplus/-Deficit after capital transfers & contributions	14 708	-1 099	-2 154	9 314	111.80	123.12
<u>Capital expenditure & funds sources</u>						
<u>Capital expenditure</u>						
Transfers recognised - capital	12 493	14 810	19 773	15 312	3.28	-29.13
Public contributions & donations	0	0	0	0	0	0
Borrowing	0	0	0	0	0	0
Internally generated funds	2 297	4 000	4 000	3 828	-4.50	-4.50
Total sources of capital funds	14 790	18 810	23 773	19 140	1.72	-24.20
<u>Financial position</u>						
Total current assets	98 672	64 784	91 168	95 093	31.87	4.13
Total non-current assets	308 956	303 106	306 508	322 302	5.96	4.90
Total current liabilities	63 082	33 713	59 348	61 603	45.27	3.66
Total non-current liabilities	83 932	95 200	87 577	85 863	-10.87	-2.00
Community wealth/Equity	260 614	238 977	243 793	269 928	11.47	9.68
<u>Cash flows</u>						
Net cash from -used operating	31 497	8 665	23 510	25 917	66.57	9.29
Net cash from -used investing	-13 343	-16 761	-23 273	-19 341	13.34	-20.33
Net cash from -used financing	-2 921	-2 700	-4 796	-1 971	-36.96	-143.27
Cash/cash equivalents at the year end	15 233	-10 796	-4 558	4 605	334.44	198.98
<u>Cash backing/surplus reconciliation</u>						
Cash and investments available	60 791	20 784	47 168	65 396	68.22	27.87
Application of cash and investments	-15 542	-4 895	-38 112	-20 739	76.40	-83.77
Balance - surplus -shortfall	45 249	15 889	9 056	44 657	64.42	79.72
<u>Asset management</u>						
Asset register summary -WDV	308 956	298 306	303 268	322 302	7.45	5.91
Depreciation & asset impairment	9 126	10 830	10 290	7 474	-44.90	-37.68
Renewal of Existing Assets	3 617	856	300	308	-178.11	2.45
Repairs and Maintenance	12 717	16 656	15 078	15 531	-7.24	2.92
<u>Free services</u>						
Cost of Free Basic Services provided	7 473	8 436	8 344	6 885	-22.53	-21.19
Revenue cost of free services provided	3 162	3 896	1 782	3 578	-8.88	50.21

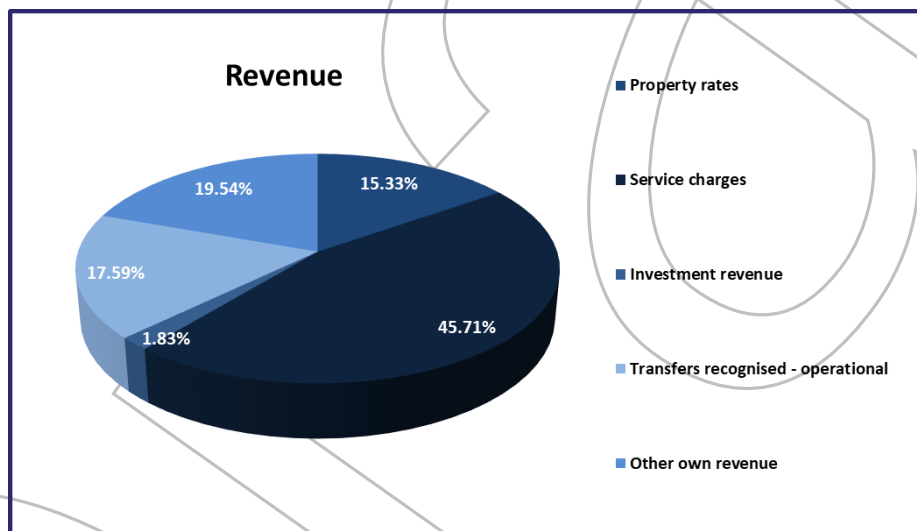
Financial Summary						
R'000						
Description	2016/17	2017/18			2017/18 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

Table:181 Financial Performance 2017/18

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000				R'000			
2016/17	237 471	227 993	-9 478	-4	233 780	213 285	20 494	9
2017/18	241 437	246 593	5 156	2	243 593	237 279	6 314	3

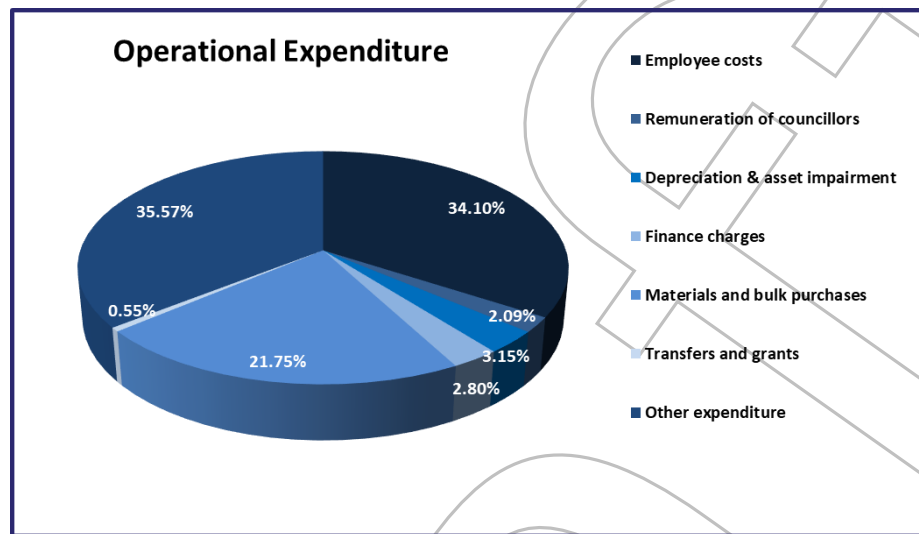
Table:182 Performance Against Budgets

The following graph indicates the various types of revenue items in the municipal budget for 2017/18



Graph 5: Revenue

The following graph indicates the various types of expenditure items in the municipal budget for 2017/18



Graph 6: Operating Expenditure

5.1.1 Revenue Collection by Vote

The table below indicates the revenue collection performance by vote:

Vote Description	2016/17	2017/18			2017/18 % Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
Vote 1 - Municipal Manager	958	139	365	97	-43.68	-277.06
Vote 2 - Corporate Services	29 402	29 456	28 036	27 908	-5.55	-0.46
Vote 3 - Finance Service	40 159	41 830	42 480	43 024	2.78	1.26
Vote 4 - Engineers Service	108 320	112 333	115 935	115 227	2.51	-0.61
Vote 5 - Community Services	51 948	47 572	54 620	60 337	21.16	9.47
Total Revenue by Vote	230 787	231 331	241 436	246 593	6.19	2.09

Table:183 Revenue by Vote

5.1.2 Revenue Collection by Source

The table below indicates the revenue collection performance by source for the 2017/18 financial year:

Description	2016/17	2017/18			2017/18 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
Property rates	32 603	34 958	35 414	35 122	0.47	-0.83

Description	2016/17	2017/18			2017/18 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
Property rates - penalties & collection charges	0	0	0	0	0	0
Service Charges - electricity revenue	66 729	69 609	68 455	69 328	-0.41	1.26
Service Charges - water revenue	13 625	14 100	14 339	13 660	-3.22	-4.97
Service Charges - sanitation revenue	12 442	13 068	13 456	13 430	2.70	-0.19
Service Charges - refuse revenue	7 521	8 113	8 113	8 088	-0.31	-0.31
Service Charges - other	103	64	0	210	69.50	100.00
Rentals of facilities and equipment	619	1 570	329	673	-133.42	51.15
Interest earned - external investments	3 536	2 461	3 700	4 184	41.18	11.56
Interest earned - outstanding debtors	1 729	2 087	933	1 251	-66.73	25.47
Dividends received	0	0	0	0	0	0
Fines	33 593	26 818	27 042	37 583	28.64	28.05
Licences and permits	939	896	911	1 270	29.48	28.25
Agency services	1 664	1 705	1 600	1 854	8.04	13.70
Transfers recognised - operational	35 030	37 264	43 118	40 287	7.50	-7.03
Other revenue	2 583	1 807	3 755	2 161	16.38	-73.75
Gains on disposal of PPE	1 036	2 000	500	0	0	0
Total Revenue (excluding capital transfers and contributions)	213 751	216 521	221 663	229 102	5.49	3.25

Table:184 Revenue by Source

5.1.3 Operational Services Performance

The table below indicates the operational services performance for the 2017/18 financial year:

Financial Performance of Operational Services						
Description	2016/17	2017/18			2017/18 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
Operating Cost						
Water	3 206	2 194	2 452	2 073	-5.83	-18.29
Waste water (sanitation)	2 456	2 127	1 328	3 355	36.62	60.41
Electricity	11 606	9 733	8 728	13 287	26.75	34.31
Waste management	-2 670	-1 057	-1 499	-922	-14.63	-62.57

Financial Performance of Operational Services

Description	2016/17	2017/18			2017/18 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
Operating Cost						
Housing	30	1 394	2 842	-1 560	189.33	282.15
Component A: sub-total	14 629	14 390	13 851	16 233	11.35	14.68
Roads and stormwater	-8 287	-11 148	-7 425	-5 186	-114.95	-43.16
Component B: sub-total	-8 287	-11 148	-7 425	-5 186	-114.95	-43.16
Planning	-1 452	-2 381	-2 879	-1 744	-36.49	-65.07
Local Economic Development	9	-323	-318	-301	-7.03	-5.50
Tourism	-1 391	-1 185	-1 185	-810	-46.20	-46.20
Component C: sub-total	-2 833	-3 888	-4 382	-2 856	-36.14	-53.43
Libraries	1 081	-558	-557	-44	-1155.91	-1153.73
Cemeteries	-42	-86	-62	-46	-85.74	-33.22
Child Care, Aged Care Social Programmes	0	0	0	0	0	0
Component D: sub-total	1 039	-644	-619	-91	-609.86	-582.00
Environmental Protection	0	0	0	0	0	0
Component E: sub-total	0	0	0	0	0	0
Traffic Services and Law Enforcement	5 581	846	1 384	-4 274	119.78	132.37
Component F: sub-total	5 581	846	1 384	-4 274	119.78	132.37
Sport and Recreation	-244	-257	-324	-256	-0.42	-26.76
Component G: sub-total	-244	-257	-324	-256	-0.42	-26.76
Financial Services	21 592	18 594	18 689	23 879	22.13	21.74
Corporate Service	791	282	-4 799	-2 994	109.40	-60.30
Other	-17 559	-19 187	-18 530	-15 142	-26.72	-22.38
Component G: sub-total	4 824	-312	-4 640	5 744	105.43	180.79
Total Expenditure	14 708	-1 013	-2 156	9 314	110.88	123.14
In this table, operational income (but not levies or tariffs) is offset against operational expenditure leaving a net operational expenditure total for each service. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

Table:185 Operational Services Performance

5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

The tables below indicate the financial performance per municipal function:

5.2.1 Water Services

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	15 063	16 662	15 952	14 089	-18.26
Expenditure:					
Employees	5 346	6 345	6 346	6 063	-4.65
Repairs and Maintenance	0	0	0	0	0
Other	6 512	8 123	7 154	5 953	-36.45
Total Operational Expenditure	11 857	14 468	13 500	12 016	-20.41
Net Operational (Service) Expenditure	3 206	2 194	2 452	2 073	-5.83
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table:186 Financial Performance: Water Services

5.2.2 Waste Water (Sanitation)

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	13 036	13 768	14 278	14 189	2.96
Expenditure:					
Employees	2 585	3 179	3 299	3 090	-2.88
Repairs and Maintenance	0	0	0	0	0
Other	7 995	8 463	9 651	7 743	-9.29
Total Operational Expenditure	10 580	11 642	12 950	10 833	-7.46
Net Operational (Service) Expenditure	2 456	2 127	1 328	3 355	36.62
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table:187 Financial Performance: Waste Water (Sanitation) Services

5.2.3 Electricity

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	74 733	75 706	77 578	78 233	3.23
Expenditure:					
Employees	5 243	5 712	5 964	5 864	2.59
Repairs and Maintenance	0	0	0	0	0
Other	57 884	60 260	62 886	59 081	-2.00
Total Operational Expenditure	63 127	65 972	68 850	64 945	-1.58
Net Operational (Service) Expenditure	11 606	9 733	8 728	13 287	26.75
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table:188 Financial Performance: Electricity

5.2.4 Waste Management

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	8 022	8 205	8 205	8 186	-0.24
Expenditure:					
Employees	1 849	2 534	2 527	2 026	-25.08
Repairs and Maintenance	0	0	0	0	0
Other	8 843	6 728	7 177	7 082	5.00
Total Operational Expenditure	10 692	9 262	9 704	9 108	-1.69
Net Operational (Service) Expenditure	-2 670	-1 057	-1 499	-922	-14.63
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table:189 Financial Performance: Waste Management

5.2.5 Housing

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	1 289	3 000	9 931	5 027	40.33
Expenditure:					
Employees	0	1 544	1 559	1 538	-0.44
Repairs and Maintenance	0	0	0	0	0
Other	1 259	62	5 530	5 050	98.77
Total Operational Expenditure	1 259	1 606	7 090	6 587	75.61
Net Operational (Service) Expenditure	30	1 394	2 842	-1 560	189.33
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table:190 Financial Performance: Housing

5.2.6 Roads and Stormwater

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	13 572	12 490	17 366	17 810	29.87
Expenditure:					
Employees	11 029	12 531	14 060	13 017	3.73
Repairs and Maintenance	0	0	0	0	0
Other	10 830	11 107	10 730	9 980	-11.30
Total Operational Expenditure	21 859	23 638	24 790	22 997	-2.79
Net Operational (Service) Expenditure	-8 287	-11 148	-7 425	-5 186	-114.95
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table:191 Financial Performance: Roads and Stormwater

5.2.7 LED

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	134	0	0	0	0
Expenditure:					
Employees	55	263	265	259	-1.59
Repairs and Maintenance	0	0	0	0	0
Other	69	60	53	43	-39.92
Total Operational Expenditure	124	323	318	301	-7.03
Net Operational (Service) Expenditure	9	-323	-318	-301	-7.03
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Table:192 Financial Performance: LED

5.2.8 Planning (Development Management Spatial Planning and Environmental Management Building Control and Property Management)

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	1 006	1 066	725	898	-18.71
Expenditure:					
Employees	2 099	2 938	2 913	2 139	-37.38
Repairs and Maintenance	0	0	0	0	0
Other	359	509	691	504	-1.04
Total Operational Expenditure	2 458	3 447	3 604	2 642	-30.45
Net Operational (Service) Expenditure	-1 452	-2 381	-2 879	-1 744	-36.49
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

Table:193 Financial Performance: Planning

5.2.9 Tourism

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	236	0	0	0	0
Expenditure:					
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	1 627	1 185	1 185	810	-46.20
Total Operational Expenditure	1 627	1 185	1 185	810	-46.20
Net Operational (Service) Expenditure	-1 391	-1 185	-1 185	-810	-46.20
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table:194 Financial Performance: Tourism

5.2.10 Libraries

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	5 699	4 725	4 727	4 678	-1.02
Expenditure:					
Employees	3 622	3 192	3 334	3 079	-3.69
Repairs and Maintenance	0	0	0	0	0
Other	996	2 091	1 951	1 644	-27.25
Total Operational Expenditure	4 618	5 284	5 284	4 722	-11.89
Net Operational (Service) Expenditure	1 081	-558	-557	-44	-1155.91
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table:195 Financial Performance: Libraries

5.2.11 Cemeteries

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	47	54	54	56	4.04
Expenditure:					
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	88	140	116	103	-36.49
Total Operational Expenditure	88	140	116	103	-36.49
Net Operational (Service) Expenditure	-42	-86	-62	-46	-85.74
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table:196 Financial Performance: Cemeteries

5.2.12 Traffic Services and Law Enforcement

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	35 628	29 393	30 441	40 571	27.55
Expenditure:					
Employees	5 927	6 856	7 069	6 068	-13.00
Repairs and Maintenance	0	0	0	0	0
Other	24 120	21 691	21 989	38 778	44.06
Total Operational Expenditure	30 047	28 547	29 057	44 846	36.34
Net Operational (Service) Expenditure	5 581	846	1 384	-4 274	119.78
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table:197 Financial Performance: Traffic Services and Law Enforcement

5.2.13 Sport and Recreation

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	4	3	3	2	-33.75
Expenditure:					
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	248	260	327	258	-0.73
Total Operational Expenditure	248	260	327	258	-0.73
Net Operational (Service) Expenditure	-244	-257	-324	-256	-0.42

Variances are calculated by dividing the difference between the actual and original budget by the actual.

Table:198 Financial Performance: Sport and Recreation

5.2.14 Financial Services

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	43 052	44 253	45 114	45 657	3.08
Expenditure:					
Employees	11 242	13 149	13 750	12 531	-4.93
Repairs and Maintenance	0	0	0	0	0
Other	10 218	12 510	12 675	9 247	-35.28
Total Operational Expenditure	21 460	25 659	26 425	21 778	-17.82
Net Operational (Service) Expenditure	21 592	18 594	18 689	23 879	22.13

Variances are calculated by dividing the difference between the actual and original budget by the actual.

Table:199 Financial Performance: Financial Services

5.2.15 Corporate Services

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	29 050	29 063	28 130	27 487	-5.74
Expenditure:					
Employees	10 655	11 594	14 191	12 701	8.72
Repairs and Maintenance	0	0	0	0	0
Other	17 604	17 188	18 738	17 779	3.32
Total Operational Expenditure	28 259	28 782	32 929	30 480	5.57
Net Operational (Service) Expenditure	791	282	-4 799	-2 994	109.40

Variances are calculated by dividing the difference between the actual and original budget by the actual.

Table:200 Financial Performance: Corporate Services

5.2.16 Other

Description	2016/17	2017/18			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	1 935	2 000	2 061	2 356	15.10
Expenditure:					
Employees	14 075	14 718	14 719	12 542	-17.35
Repairs and Maintenance	0	0	0	0	0
Other	5 420	6 469	5 872	4 955	-30.56
Total Operational Expenditure	19 495	21 187	20 591	17 497	-21.09
Net Operational (Service) Expenditure	-17 559	-19 187	-18 530	-15 142	-26.72

Variances are calculated by dividing the difference between the actual and original budget by the actual.

Table:201 Financial Performance: Other

5.3 GRANTS

5.3.1 Grant Performance

Description	2016/17	2017/18			2017/18 Variance	
	Actual (Audited Outcome)	Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000				%	
Operating Transfers and Grants						
National Government:	27 384	31 449	31 873	29 695	-5.91	-7.33
Local Government Equitable Share	24 012	26 201	26 201	26 201	0.00	0.00
Finance Management	1 625	1 700	1 700	1 700	0.00	0.00
EPWP Incentive	1 177	1 291	1 291	1 291	0.00	0.00
Municipal Infrastructure Grant	570	2 011	2 396	503	-299.52	-375.98
Integrated National Electrification Program	0	246	285	0	0	0
Provincial Government:	7 647	5 815	11 146	10 482	44.52	-6.34
Library subscription grant	170	0	0	0	0	0
Municipal Infrastructure Support Grant	416	0	0	0	0	0
Capacity Building Grant	0	0	240	43	100.00	-456.97
IDP	71	0	0	0	0	0
Finance Management	0	290	0	0	0	0
Economic Development Plan	38	0	0	0	0	0
Electrical Master Plan	350	0	0	0	0	0
Emergency Housing Malagas	28	0	0	0	0	0
Municipal Infrastructure support	154	0	0	0	0	0
Human Settelman Development Grant	1 289	850	5 485	5 027	83.09	-9.11
Municipal Replacement Fund	4 143	4 675	4 675	4 623	-1.13	-1.13
Financial Management Support Grant	702	0	330	330	100.00	0.00
Internship Grant	15	0	111	40	100.00	-178.51
Main Road Subsidy	0	0	50	50	100.00	0.00
SETA	271	0	255	369	100.00	30.91
Other grant providers:	0	0	99	110	100.00	9.52
Wesgro	0	0	99	110	100.00	9.52
Total Operating Transfers and Grants	35 030	37 264	43 118	40 287	7.50	-7.03
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

Table:202 Grant Performance for 2017/18

5.3.2 Conditional Grants

Details	2016/17	2014/2015			2011/15 Variance	
	Actual	Budget	Adjusted Budget	Actual	Variance	
					Budget	Adjusted Budget
	R'000				%	
Finance Management	1 625	1 700	1 700	1 700	0.00	0.00
EPWP Incentive	1 177	1 291	1 291	1 291	0.00	0.00
Municipal Infrastructure Grant	570	2 011	2 396	503	-299.52	-375.98
Integrated National Electrification Program	0	246	285	0	0	0
Library subscription grant	170	0	0	0	0	0
Municipal Infrastructure Support Grant	416	0	0	0	0	0
Capacity Building Grant	0	0	240	43	100.00	-456.97
IDP	71	0	0	0	0	0
Finance Management	0	290	0	0	0	0
Economic Development Plan	38	0	0	0	0	0
Electrical Master Plan	350	0	0	0	0	0
Emergency Housing Malagas	28	0	0	0	0	0
Municipal Infrastructure support	154	0	0	0	0	0
Human Settlement Development Grant	1 289	850	5 485	5 027	83.09	-9.11
Municipal Replacement Fund	4 143	4 675	4 675	4 623	-1.13	-1.13
Financial Management Support Grant	702	0	330	330	100.00	0.00
Internship Grant	15	0	111	40	100.00	-178.51
Main Road Subsidy	0	0	50	50	100.00	0.00
SETA	271	0	255	369	100.00	30.91
Wesgro	0	0	99	110	100.00	9.52
Total	11 018	11 063	16 917	14 086	21.46	-20.10

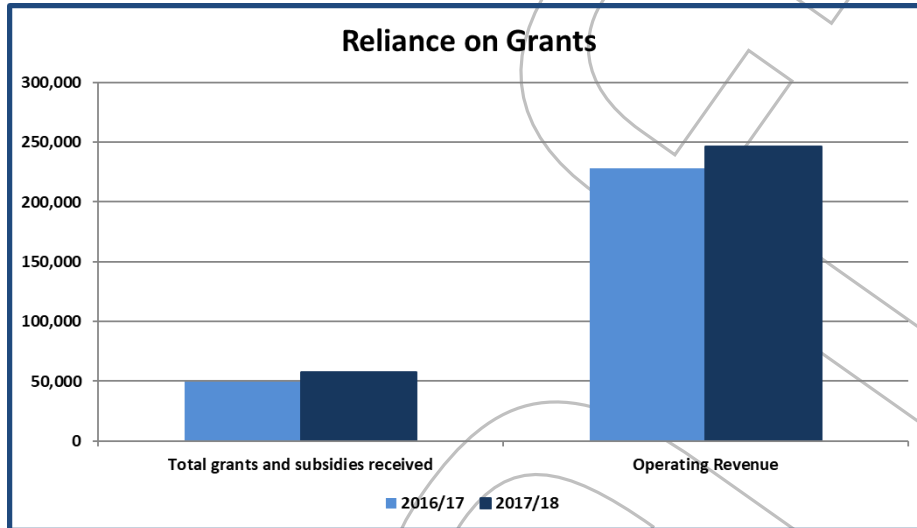
Table:203 Conditional Grant

5.3.3 Level of Reliance on Grants & Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000		%
2016/17	49 337	227 993	21.64
2017/18	57 778	246 593	23.43

Table:204 Reliance on Grants

The following graph indicates the municipality's reliance on grants as percentage for the last two financial years



Graph 7: Reliance on Grants

5.4 ASSET MANAGEMENT

5.4.1 Three Largest Assets

Asset 1		
Name	Biological Reactor	
Description	Sewage Treatment Works	
Asset Type	Infrastructure	
Key Staff Involved	Engineers Services	
Asset Value as at 30 June 2018	2016/17 R million	2017/18 R million
	18 050	17 818
Capital Implications	n/a	
Future Purpose of Asset	Sewage Treatment	
Describe Key Issues	n/a	
Policies in Place to Manage Asset	Financial Asset Management Policy	

Table:205 Asset 1

Asset 2		
Name	Railton: Club house	
Description	Construction of new clubhouse	
Asset Type	Land & Buildings	
Key Staff Involved	Community Services	
Asset Value as at 30 June 2018	2016/17 R million	2017/18 R million
	2 527	6 163
Capital Implications	n/a	
Future Purpose of Asset	Sport and Recreation	
Describe Key Issues	n/a	
Policies in Place to Manage Asset	Financial Asset Management Policy	

Table:206 Asset 2

Asset 3		
Name	Effluent Rising main - PVC	
Description	Bulk Sewer Pipeline	
Asset Type	Infrastructure	
Key Staff Involved	Engineers Services	
Asset Value as at 30 June 2018	2016/17 R million	2017/18 R million
	6 197	6 134
Capital Implications	n/a	
Future Purpose of Asset	Piping Sewage	
Describe Key Issues	n/a	
Policies in Place to Manage Asset	Financial Asset Management Policy	

Table:207 Asset 3

5.4.2 Repairs and Maintenance

Description	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Budget variance
		R' 000			%
Repairs and Maintenance Expenditure	12 717	16 656	15 078	15 531	2.92

Table:208 Repairs and Maintenance

5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

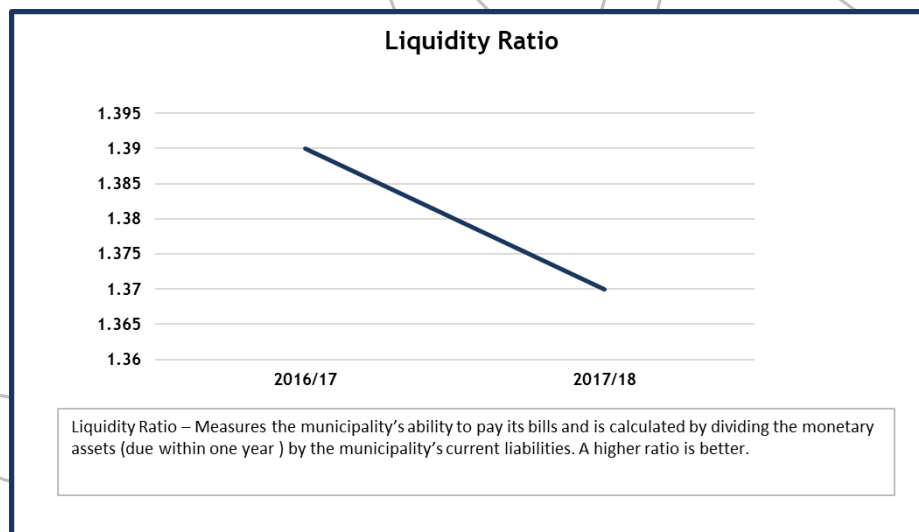
5.5.1 Liquidity Ratio

Description	Basis of calculation	2016/17	2017/18
Current Ratio	Current assets/current liabilities	1.56	1.54
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.24	1.30
Liquidity Ratio	Monetary Assets/Current Liabilities	1.39	1.37

Table:209 Liquidity Financial Ratio

The current ratio indicates a Council's ability to meet its financial obligations such as payment for goods and services supplied. A ratio of 1:1 indicates that unrestricted current assets are available on hand to meet unrestricted current liabilities. It is furthermore an indication of a Council's solvency. Swellendam's current ratio is 1.54:1 (1.56:1 in 2016/17) in 2017/18 which is above the norm and indicates that Council has sufficient cash on hand to meet its short-term liabilities.

The following graph indicates the liquidity financial ratio for 2017/18:



Graph 8: Liquidity Ratio

5.5.2 IDP Regulation Financial Viability Indicators

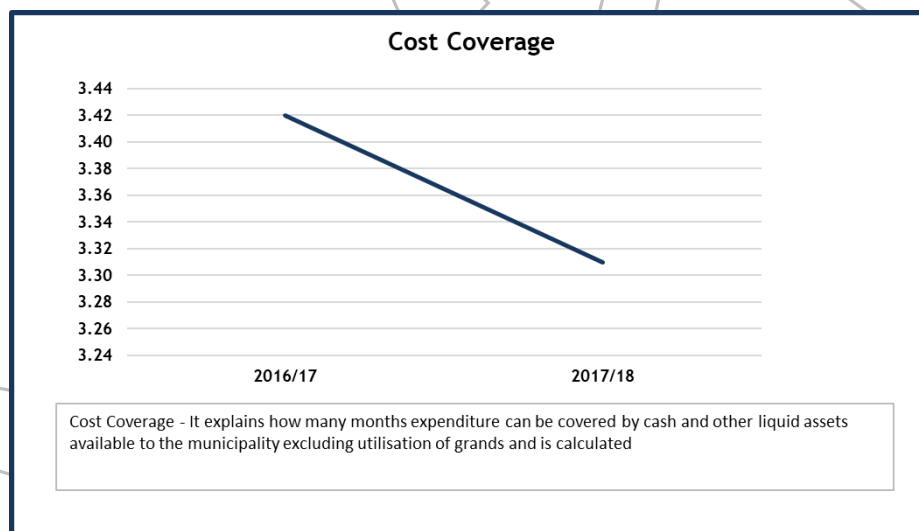
Description	Basis of calculation	2016/17	2017/18
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.42	3.31
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.24	0.20
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	5.03	5.39

Table:210 Financial Viability National KPAs

a) Cost Coverage

This ratio indicates the Municipality's ability to meet its short-term (monthly) expenditures. It takes into consideration all available cash at a particular time including income from investments. The ratio has to be in excess of 1:1. Strict application of the Credit Control Policy and measures implemented to collect outstanding debtors should improve the ratio. However, this ratio should be read in conjunction to other ratios

The following graph indicates the cost coverage financial viability indicator:

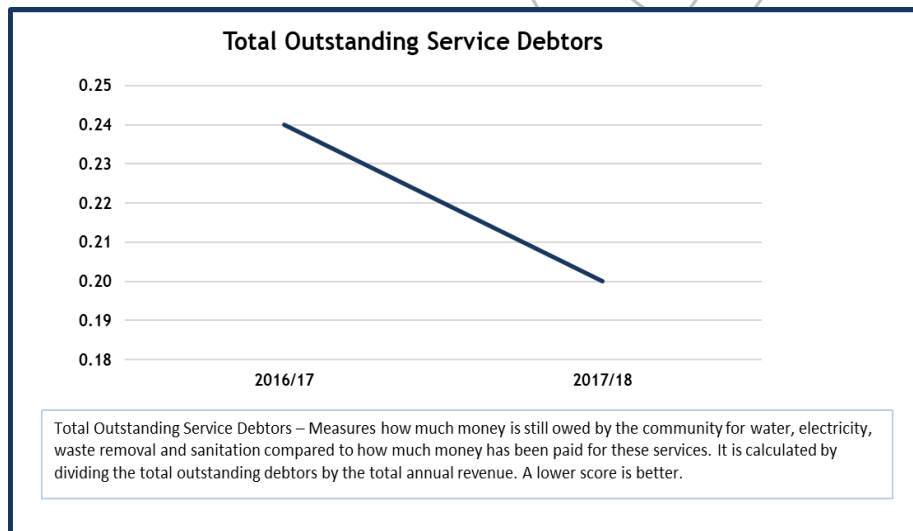


Graph 9: Cost Coverage

b) Outstanding Service Debtors to Revenue

This ratio indicates how effective revenue collection is being executed by the Municipality. The Municipality should continuously enhance revenue collection mechanisms and enforce debt collection policies.

The following graph indicates the outstanding service to revenue financial viability indicator:

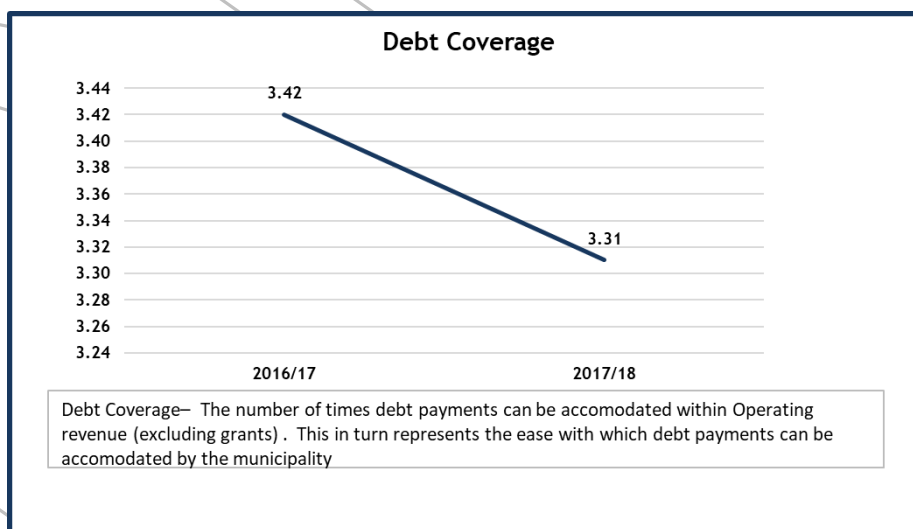


Graph 10: Total Outstanding Service Debtors

c) Debt Coverage

The debt coverage ratio shows the Municipality's ability to service its debt payments. A debt coverage ratio of 2 is generally considered acceptable assuming the other tests of safety have been met. The higher the debt service ratio, the lower the risk. The Municipality's ratio decreased from 3.42% in 2016/17 to 3.31% in 2017/18.

The following graph indicates the debt coverage financial viability indicator:



Graph 11: Debt Coverage

5.5.3 Borrowing Management

The ratio gives an indication of the total percentage paid on external loans.

Description	Basis of calculation	2016/17	2017/18
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	0.03	0.03

Table:211 Borrowing Management

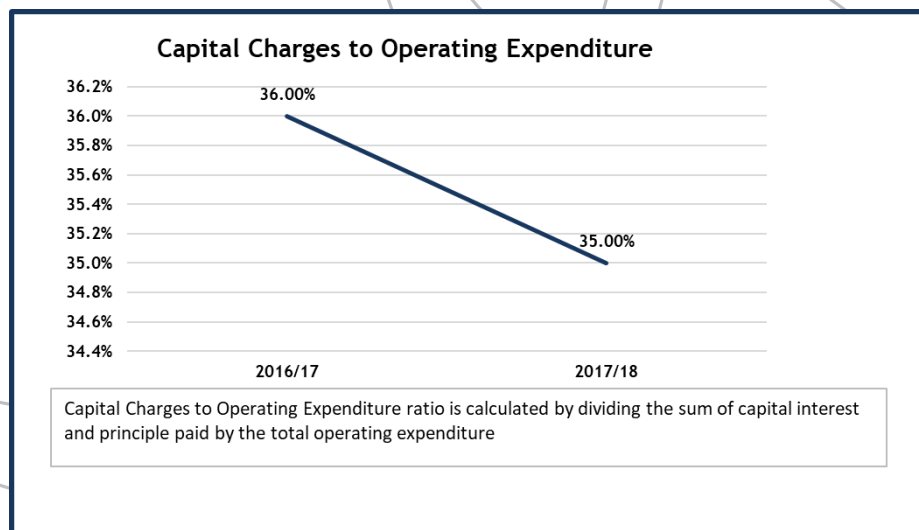
5.5.4 Employee Costs

Description	Basis of calculation	2016/17	2017/18
Employee costs	Employee costs/(Total Revenue - capital revenue)	36%	35%

Table:212 Employee Costs

The ratio gives an indication of the total percentage paid on employee cost. The ratio decreased from 36% in 2016/17 to 35% in 2017/18 and is within the norm of 35%.

The following graph indicates the employee costs ratio:



Graph 12: Employee Costs Ratio

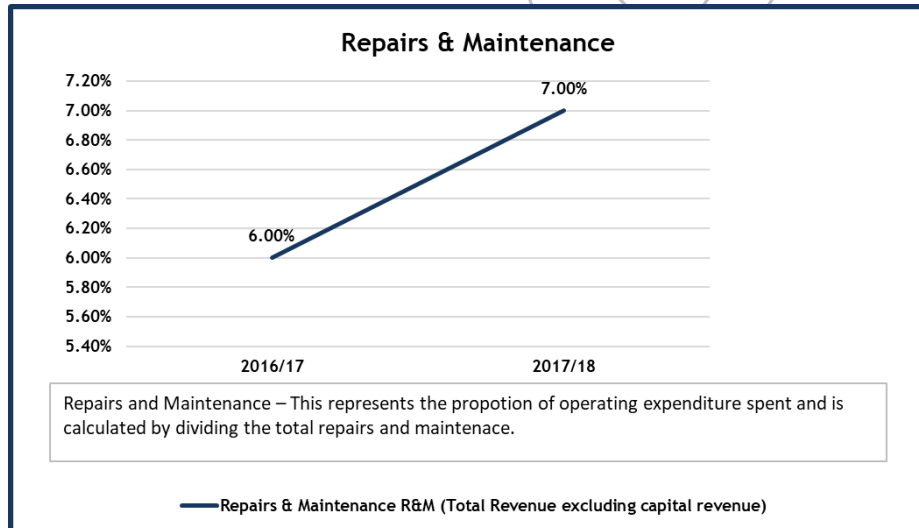
5.5.5 Repairs & Maintenance

Description	Basis of calculation	2016/17	2017/18
Repairs & Maintenance	R&M (Total Revenue excluding capital revenue)	6%	7%

Table:213 Repairs and Maintenance

The ratio gives an indication of the total percentage paid on repairs and maintenance. The ratio increased from 6% in 2016/17 to 7% in 2017/18. The Municipality should consider maintaining their assets as impairments of these assets might have an effect on service delivery and should increase repairs and maintenance to at least the 8% norm.

The following graph indicates the ratio of repairs and maintenance:



Graph 13: Repairs and Maintenance Ratio

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.6 SOURCES OF FINANCE

5.6.1 Capital Expenditure: Funding Sources

The table below indicates the capital expenditure by funding source for the 2017/18 financial year:

Capital Expenditure: Funding Sources						
Details	2016/17	2017/18				
	Audited outcome	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Source of Finance						
Description	R'000				%	
External loans	0	0	0	0	0	0
Public contributions and donations	0	0	0	0	0	0
Grants and subsidies	12 493	14 810	19 773	15 312	33.51	-22.56
Own funding	2 297	4 000	4 000	3 828	0.00	-4.31
Total	14 790	18 810	23 773	19 140	20.87	1.72

Capital Expenditure: Funding Sources						
Details	2016/17	2017/18				
	Audited outcome	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Source of Finance						
Description	R'000				%	
Percentage of Finance						
External loans	0	0	0	0		
Public contributions and donations	0	0	0	0		
Grants and subsidies	84	79	83	80		
Own funding	16	21	17	20		
Capital Expenditure						
Description	R'000				%	
Water and sanitation	4 461	0–	7 249	7 255	0	0.08
Electricity	1 475	9 460	2 205	2 188	-76.70	-0.75
Housing	0	3 000	4 446	0	0	0
Roads and Stormwater	4 535	4 399	4 280	4 186	-2.71	-2.20
Other	4 319	1 951	5 593	5 511	186.72	-1.47
Total	14 790	18 810	23 773	19 140	20.87	1.72
Percentage of Expenditure						
Water and sanitation	30	0	30	38		
Electricity	10	50	9	11		
Housing	0	16	19	0		
Roads and stormwater	31	23	18	22		
Other	29	10	24	29		

Table:214 Capital Expenditure by Funding Source

5.6.2 Capital Spending on Largest Capital Projects

Name of Project	2017/18				
	Original Budget	Adjusted Budget	Actual Expenditure	Original Variance	Adjusted variance
	R'000			%	
Purchase of land Swellendam Railton Transnet	2 000	4 446	0	-100%	-100%
Barrydale bulk water infrastructure	2 854	4 299	4 297	51%	0%
Railton sport stadium phase 2	877	3 614	3 614	312%	0%
Railton upgrade gravel roads and stormwater phase 2	2 584	3 147	3 147	22%	0%
Swellendam Escom supply control panel substation upgrading	1 754	1 754	1 740	-1%	-1%
Name of Project - A	Purchase of land Swellendam Railton Transnet				
Objective of Project	Purchase of land for housing projects				
Delays	Awaiting response from Transnet				
Future Challenges	None				
Anticipated citizen benefits	Building of houses				
Name of Project - B	Barrydale bulk water infrastructure				
Objective of Project	Upgrading of Barrydale bulk water infrastructure				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	Better water supply				
Name of Project - C	Railton sport stadium phase 2				
Objective of Project	Upgrading Railton Sport Stadium				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	Access to better sporting facilities				
Name of Project - D	Railton upgrade gravel roads and stormwater phase 2				
Objective of Project	Upgrading of gravel roads with kerbs and stormwater in Railton				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	Better roads				
Name of Project - E	Swellendam Escom supply control panel substation upgrading				
Objective of Project	Upgrading of substation				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	Better electricity supply				

Table:215 Capital Spending on Largest Capital Projects

5.6.3 Municipal Infrastructure Grant (MIG) Expenditure on Service Backlogs

The table below indicates the MIG Expenditure on Service Backlogs:

MIG Expenditure on Service Backlogs					
Details	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjustment Budget
	R'000			%	%
Other Specify: Recreational facilities & Roads	10 659	15 596	15 594	31.65	-0.01
Roads	10 659	15 596	15 594	31.65	-0.01
Total	10 659	15 596	15 594	31.65	-0.01
* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.					

Table:216 MIG Expenditure on Service Backlogs

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is critical to the Municipality as it enables the organisation to assess whether enough cash is available at any point in time to cover the council's commitments. Cash flow is rigorously managed and monitored on a regular basis.

5.7 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2016/17	2017/18		
	<i>Audited Outcome</i>	Original Budget	Adjusted Budget	Actual
	R'000			
Cash flow from operating activities				
Receipts				
Ratepayers and other	141 726	148 456	153 177	157 303
Government - operating	37 375	37 264	43 118	34 466
Government - capital	19 907	14 810	19 773	17 491
Interest	5 264	4 506	4 642	5 177
Dividends	0	0	0	0
Payments				
Suppliers and employees	-165 012	-189 101	-190 963	-180 588

Cash Flow Outcomes				
R'000				
Description	2016/17	2017/18		
	<i>Audited Outcome</i>	Original Budget	Adjusted Budget	Actual
	R'000			
Finance charges	-6 177	-5 789	-4 503	-6 636
Transfers and Grants	-1 586	-1 482	-1 733	-1 297
Net cash from/(used) operating activities	31 497	8 665	23 510	25 917
Cash flows from investing activities				
Receipts				
Proceeds on disposal of PPE	1 448	2 000	500	117
Decrease (increase) in non-current debtors	0	0	0	0
Decrease (increase) other non-current receivables	0	0	0	0
Decrease (increase) in non-current investments	0	0	0	0
Payments				
Capital assets	-14 790	-18 761	-23 773	-19 458
Net cash from/(used) investing activities	-13 343	-16 761	-23 273	-19 341
Cash flows from financing activities				
Receipts				
Short term loans	112	0	0	244
Borrowing long term/refinancing	0	0	0	0
Payments				
Repayment of borrowing	-3 034	-2 700	-4 796	-2 215
Net cash from/(used) financing activities	-2 921	-2 700	-4 796	-1 971
Net increase/ (decrease) in cash held	15 233	-10 796	-4 558	4 605
Cash/cash equivalents at the year begin:	45 558	31 580	51 728	60 791
Cash/cash equivalents at the yearend:	60 791	20 784	47 171	65 396

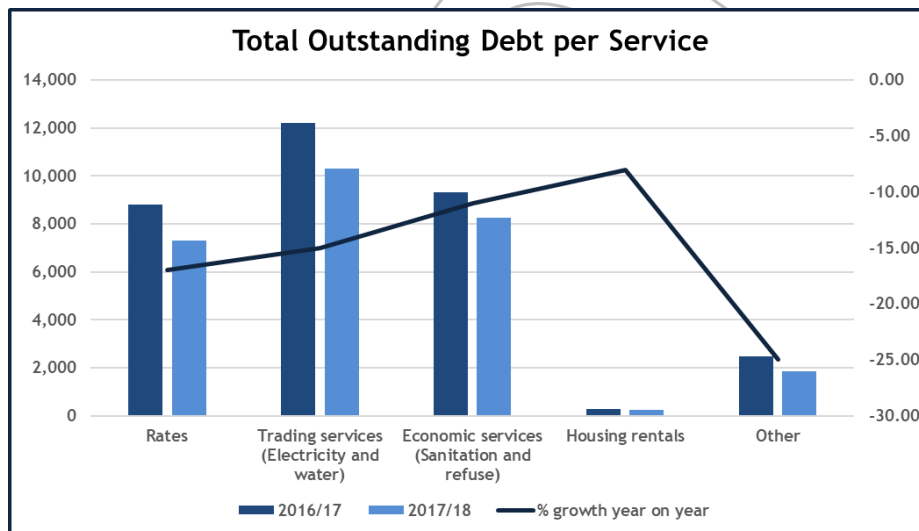
Table:217 Cash Flow

5.8 GROSS OUTSTANDING DEBTORS PER SERVICE

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
	R'000					
2016/17	8 807	12 190	9 303	276	2 466	33 041
2017/18	7 294	10 303	8 268	254	1 838	27 957
Difference	-1 513	-1 887	-1 035	-21	-628	-5 084
% growth year on year	-17	-15	-11	-8	-25	-15
Note: Figures exclude provision for bad debt						

Note: Figures exclude provision for bad debt

Table:218 Gross Outstanding Debtors per Service



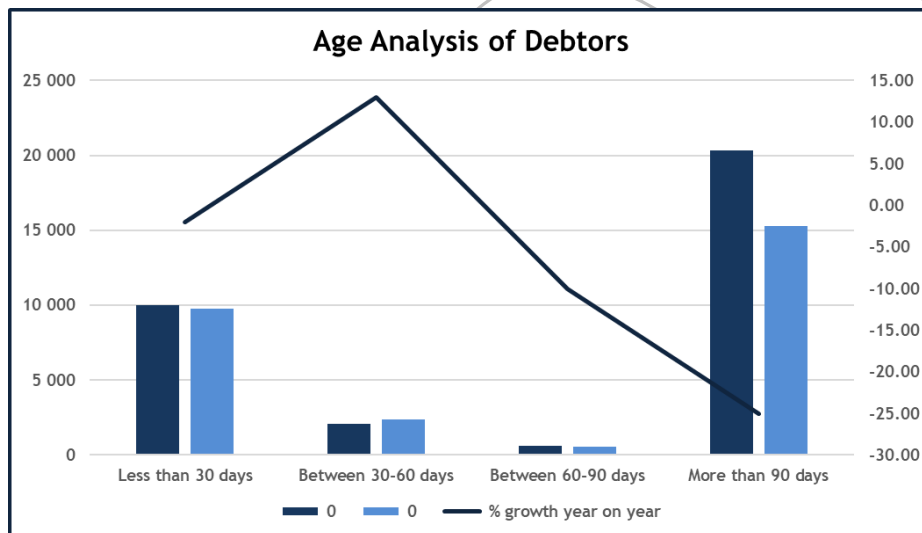
Graph 14: Total Outstanding Debt per Type of Service

5.9 TOTAL DEBTORS AGE ANALYSIS

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000				
2016/17	9 975	2 084	641	20 342	33 041
2017/18	9 741	2 358	578	15 281	27 957
Difference	-234	274	-63	-5 061	-5 084
% growth year on year	-2	13	-10	-25	-15

Note: Figures exclude provision for bad debt.

Table:219 Service Debtor Age Analysis



Graph 15:Service Debtor Age Analysis

5.10 BORROWING AND INVESTMENTS

Infrastructure needs to be replaced and therefore borrowings for periods of 15 years are taken up to lessen the impact on consumers.

5.10.1 Actual Borrowings

Actual Borrowings		
R' 000		
Instrument	2016/17	2017/18
	R'000	
Long-Term Loans (annuity/reducing balance)	33 654	31 881
Instalment Credit	1 855	1 452
Financial Leases	0	1 684
Total	35 510	35 018

Table:220 Actual Borrowings

5.10.2 Grants Made by the Municipality

All Organisation or Person in receipt of Grants provided by the municipality	Nature of project	Conditions attached to funding	Value 2017/18
			R'000
Swellendam Tourism	Contribution to develop Tourism	The organisation needs to supply the municipality with their Budget and AFS	785
Lower Breede River Conservancy	Contribution to develop Tourism	The organisation needs to supply the municipality with their Budget and AFS	330
Individual Support (Housing)	Contribution to National Housing Programme	The organisation needs to supply the municipality with their Budget and AFS	181

Table:221 Made by the Municipality

CHAPTER 6

COMPONENT A: AUDITOR-GENERAL OPINION 2016/17

6.1 AUDITOR-GENERAL REPORT 2016/17

2016/17	
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
Financial Statements	
Material losses/impairments	
The municipality provided for the impairment of receivables from exchange transactions amounting to R15,7 million (2015-16: R16,1 million)	The provision of impairments is a compulsory calculation in terms of GRAP 104.57. The calculation was performed on the basis of historical payment ratios of each and every individual debtor. The debt recovery level of 98.92% of this Municipality is above the average of 95% and with the existing very effective debt collection function the municipality was successful to even decrease the provision of some of the services
The municipality provided for the impairment of receivables from non-exchange transactions amounting to R58,5 million (2015-16: R38,9 million)	The increase in the provision for the non-exchange transaction debtors was due to the provision for compulsory impairment for traffic fines in terms of iGRAP 1. The poor collection of outstanding traffic fines is a National phenomenon and is there not much that a Municipality can do to improve this

Table:222 AG Report on Financial Performance 2016/17

COMPONENT B: AUDITOR-GENERAL OPINION 2017/18

6.2 AUDITOR-GENERAL REPORT 2017/18

2017/18	
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
Financial Statements	
Restatement of corresponding figures	
As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2017 were restated as a result of an errors in the financial statements of the municipality at, and for the year ended, 30 June 2018	<p>The correction of errors was mainly due to first time recognition of assets which were found at the time of the annual asset count and assets which have changed in nature and type due to updated deeds office reports These changes is not preventable, and is management satisfied that sufficient measurements are in place to secure credible asset registers.</p> <p>The correction of error regarding the creditors was made only due to a difference in interpretation of a standard and was the correction an isolated incident which don't need any further implementation of corrective steps</p>

2017/18	
Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
As disclosed in note 40 to the financial statements, the corresponding figures for 30 June 2017 were restated as a result of municipal standard chart of accounts (mSCOA) reclassifications in the financial statements of the municipality at, and for the year ended, 30 June 2018	The re- classifications were direct related to m SCOA implementation which would not be replicated in future. Thus, no further future corrective steps are needed
Material impairments	
As disclosed in note 19 to the annual financial statements, the municipality provided for the impairment of receivables from exchange transactions amounting to R12,5 million (2016-17: 15,7 million)	The provision for impairments is a compulsory calculation in terms of GRAP 104.57. The calculation was performed on the basis of historical payment ratios of each and every individual debtor. The debt recovery level of 100.22% of this Municipality is above the average of 95% and with the existing very effective debt collection function the Municipality was successful to even decrease the provision of some of the services
As disclosed in note 20 to the financial statements, the municipality provided for the impairment of receivables from non-exchange transactions amounting to R47,2 million (2016-17: R58,5 million)	The largest contributor to the provision for the non-exchange transaction debtors is the provision for compulsory impairment for traffic fines in terms of iGRAP 1. The poor collection of outstanding traffic fines is a National phenomenon and is there not much that the Municipality can do to improve this
Underspending of operating expenditure budget	
As disclosed in the statement of comparison of budget and actual amounts, the municipality materially underspent the operating expenditure budget by R6,0 million, which represents an underspending of 3%	<p>The underspending on the operating expenditure budget was mainly due to the following:</p> <ul style="list-style-type: none"> • Implementation of cost containment measures; • Decrease in provisions of employee benefits (actual amount only available at financial year-end); • Decrease in depreciation for landfill sites (actual amount only available at financial year-end)
Underspending of capital budget	
As disclosed in the statement of comparison of budget and actual amounts, the municipality materially underspent the capital asset budget by R4,7 million, which represents an underspending of 20%	<p>The Department of Human Settlements did allocate an amount of R4 446 000 to the Municipality for the acquisition of land for future housing development purposes. The funds were received during March 2018 and the processes could therefore not be finalised before the end of the financial year.</p> <p>Management will implement the necessary processes to ensure that the capital expenditure budgeted for are achievable</p>

Table:223 AG Report on Financial Performance 2017/18

LIST OF ABBREVIATIONS

AG	Auditor-General	LED	Local Economic Development
AFS	Annual Financial Statements	LGSETA	Local Government Sector Education and Training Authority
CAPEX	Capital Expenditure	MAYCOM	Executive Mayoral Committee
CBP	Community Based Planning	MFMA	Municipal Finance Management Act (Act No. 56 of 2003)
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CMTTP	Council Meets The People	MM	Municipal Manager
COGHSTA	Department of Cooperative Governance, Human settlements and Traditional Affairs	MMC	Member of Mayoral Committee
DAFF	Department of Agriculture, Forestry and Fisheries	MSA	Municipal Systems Act No. 32 of 2000
DPLG	Department of Provincial and Local Government	MTECH	Medium Term Expenditure Committee
DWA	Department of Water Affairs	NCOP	National Council of Provinces
EE	Employment Equity	NERSA	National Energy Regulator South Africa
EPWP	Extended Public Works Programme	NGO	Non-governmental organisation
EXCO	Executive Committee	NT	National Treasury
FBS	Free Basic Services	OPEX	Operating expenditure
GAMAP	Generally Accepted Municipal Accounting Practice	PMS	Performance Management System
GRAP	Generally Recognised Accounting Practice	PT	Provincial Treasury
HR	Human Resources	SALGA	South African Local Government Association
IDP	Integrated Development Plan	SAMDI	South African Management Development Institute
IFRS	International Financial Reporting Standards	SCM	Supply Chain Management
IMFO	Institute for Municipal Finance Officers	SDBIP	Service Delivery and Budget Implementation Plan
KPA	Key Performance Area	SDF	Spatial Development Framework
KPI	Key Performance Indicator		



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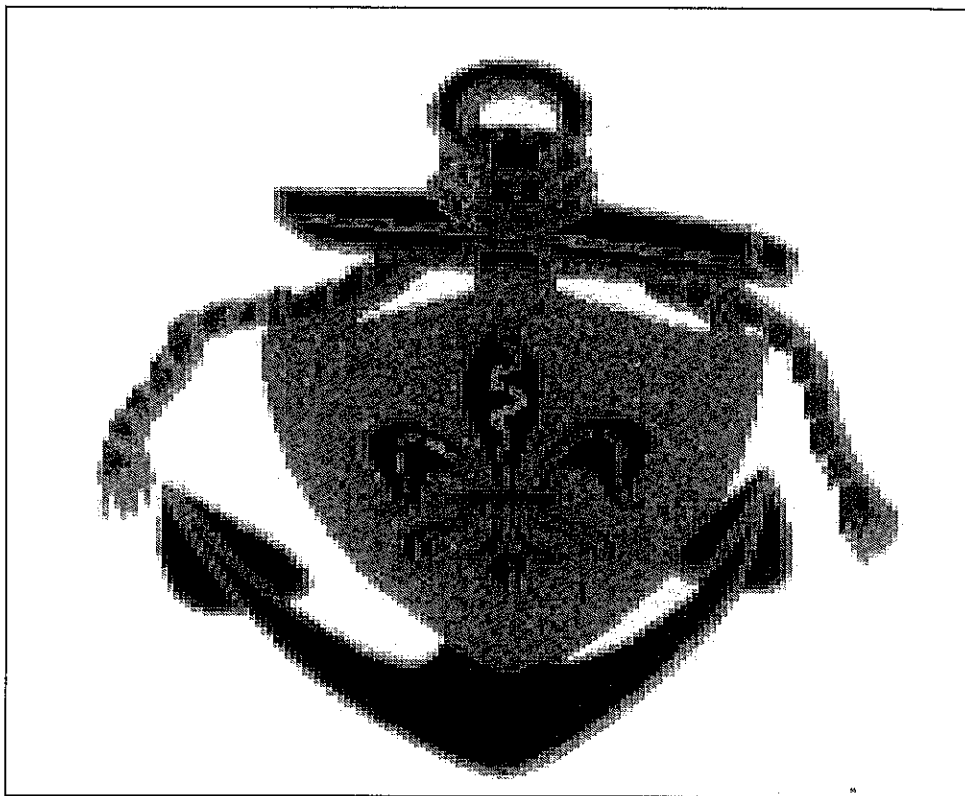


Annexure A

Financial Statements

SWELLENDAM

MUNICIPALITY



AUDITED

FINANCIAL STATEMENTS

30 JUNE 2018

SWELLENDAM LOCAL MUNICIPALITY

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SWELLENDAM LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

GENERAL INFORMATION

NATURE OF BUSINESS

Swellendam is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Swellendam Municipality includes the following areas:

Swellendam

Barrydale

Suurbraak

Buffeljagrsivier

Malagas

Infanta

MAYOR

Mr N.G. Myburgh

MAYORAL COMMITTEE

Mr N.G. Myburgh - Executive Mayor

Mr A.M Pokwas Executive Deputy Mayor

Ms E.J Lambrecht

Mr.H.F du Rand

MUNICIPAL MANAGER

Mr A.M. Groenewald

CHIEF FINANCIAL OFFICER

Mr H. Schlebusch

REGISTERED OFFICE

49 Voortrek Street

SWELLENDAM

6740

AUDITORS

Auditor General South Africa

Private Bag X1,

Chempet, 7442

PRINCIPLE BANKERS

ABSA BANK ,67 Voortrek Street , Swellendam

ATTORNEYS

Powell Kelly Veldman, P.O. Box 18, Swellendam

RELEVANT LEGISLATION

SWELLENDAM LOCAL MUNICIPALITY

MEMBERS OF THE SWELLENDAM LOCAL MUNICIPALITY

WARD	COUNCILLOR
Ward 1	Cllr J. Lambrecht
Ward 2	Cllr J.C Nortje
Ward 3	Cllr M.G.du Plessis
Ward 4	Cllr H.F.du Rant
Ward 5	Cllr G.Libazi
Ward 6	Cllr J.A. Matthysen
Proportional	Cllr N.G Myburgh
Proportional	Cllr A.M. Pokwas
Proportional	Cllr B.O.Sonqwenqwe
Proportional	Cllr J.C.M.J Koch
Proportional	Cllr M.T.Swart

APPROVAL OF FINANCIAL STATEMENTS

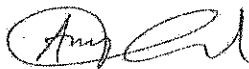
I am responsible for the preparation of the annual financial statements for the year ended 30 June 2018, which are set out on pages 1 to 88 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2019 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Mr A.M. GROENEWALD
MUNICIPAL MANAGER

Date: 30 November 2018

Mr A.M. Groenewald

SWELLEN DAM LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

	Notes	2018 R (Actual)	2017 R (Restated)
NET ASSETS AND LIABILITIES			
Net Assets		269 928 130	260 614 049
Housing Development Fund	2	2 109 031	3 669 068
Capital Replacement Reserve	2	10 000 000	10 000 000
Accumulated Surplus/(Deficit)		257 819 099	246 944 981
Non-Current Liabilities		85 862 911	83 931 771
Long-term Borrowing	3	31 939 491	33 079 562
Employee Benefits	4	34 059 082	32 333 946
Non-Current Provisions	5	19 864 338	18 518 263
Current Liabilities		61 603 215	63 082 369
Consumer Deposits	6	2 244 804	2 001 259
Current Employee benefits	7	9 690 105	8 862 820
Provisions	8	17 764 068	16 133 249
Trade and Other Payables from exchange transactions	9	23 544 309	22 150 387
Unspent Conditional Government Grants and Receipts	10	5 281 617	11 504 569
Current Portion of Long-term Borrowing	3	3 078 312	2 430 085
Total Net Assets and Liabilities		417 394 256	407 628 189
ASSETS			
Non-Current Assets		322 301 677	308 955 743
Property, Plant and Equipment	13	291 680 191	277 921 624
Investment Property	14	25 073 476	25 211 326
Intangible Assets	15	434 709	424 984
Heritage Assets	16	2 323 963	2 323 963
Capitalised Restoration Costs	17	2 789 339	3 073 846
Current Assets		95 092 578	98 672 446
Inventory	18	10 431 675	11 156 591
Receivables from exchange transactions	19	8 129 003	8 527 543
Receivables from non-exchange transactions	20	9 474 539	16 365 808
Operating Lease Asset	21	37 812	38 279
Unpaid Conditional Government Grants and Receipts	10	-	-
Taxes	12	1 623 569	1 793 239
Cash and Cash Equivalents	22	65 395 980	60 790 985
Total Assets		417 394 256	407 628 189

SWELLENDAM LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017	Correction	2017
	Notes	(Actual) R	(Restated) R	of error R	(Previously reported Reclassified) R
REVENUE					
Revenue from Non-exchange Transactions		130 741 180	115 684 291	-	115 684 291
Taxation Revenue		35 122 006	32 603 168	-	32 603 168
Property taxes	23	35 122 006	32 603 168	-	32 603 168
Transfer Revenue		57 778 282	49 337 116	-	49 337 116
Government Grants and Subsidies - Capital	24	17 491 166	14 242 358	-	14 242 358
Government Grants and Subsidies - Operating	24	40 287 116	35 030 460	-	35 030 460
Public Contributions and Donations	24	-	64 299	-	64 299
Other Revenue		37 840 892	33 744 006	-	33 744 006
Fines, Penalties and Forfeits		37 583 124	33 592 661	-	33 592 661
Interest Earned - non exchange transactions		257 768	151 346	-	151 346
Revenue from Exchange Transactions		116 918 161	111 264 436	-	111 264 436
Service Charges	25	104 716 495	100 419 201	-	100 419 201
Rental from Fixed Assets		672 730	618 849	-	618 849
Interest Earned - external investments		4 183 787	3 535 777	-	3 535 777
Interest Earned - outstanding receivables		993 650	1 577 165	-	1 577 165
Licences and Permits		1 269 872	939 185	-	939 185
Agency Services		1 854 081	1 663 701	-	1 663 701
Operational Revenue	26	294 081	210 096	-	210 096
Sales of Goods and Rendering of Services	27	2 902 010	2 214 653	-	2 214 653
Contributed Property, Plant and Equipment		31 456	85 810	-	85 810
Total Revenue		247 659 340	226 948 727	-	226 948 727
EXPENDITURE					
Employee related costs	28	80 914 789	76 255 614	-	76 255 614
Remuneration of Councilors	29	4 954 221	4 379 308	-	4 379 308
Bad debts written-off	31	4 339 215	3 363 702	-	3 363 702
Depreciation and Amortisation	32	7 473 737	9 126 491	81 167	9 045 324
Inventory Consumed	18	17 469 790	9 175 423	-	9 175 423
Finance Charges	34	6 635 766	6 177 145	-	6 177 145
Bulk Purchases	35	51 602 081	50 442 322	-	50 442 322
Contracted Services	38	13 703 717	18 795 407	-	18 795 407
Operating Leases		48 305	329 022	-	329 022
Operational Costs	37	18 063 662	14 159 015	-	14 159 015
Transfers and Subsidies	36	1 296 595	1 586 105	-	1 586 105
Total Expenditure		206 501 859	193 789 553	81 167	193 708 386
Operating Surplus		41 157 481	33 159 173	(81 167)	33 240 341
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		(1 066 198)	8 081	-	8 081
(Impairment Loss)/Reversal of Impairment Loss on Receivables	30	(30 432 477)	(19 255 415)	-	(19 255 415)
(Impairment Loss)/Reversal of Impairment Loss on Fixed Assets	33	-	(240 172)	-	(240 172)
Gains/(Loss) on Sale of Fixed Assets		(344 721)	1 036 189	-	1 036 189
NET SURPLUS/(DEFICIT) FOR THE YEAR		9 314 085	14 707 856	(81 167)	14 789 023

SWELLENDAM LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018

	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 JULY 2016	3 653 687	10 000 000	228 880 571	242 534 258
Change in accounting policy		-	-	-
Correction of error		-	3 371 934	3 371 934
Restated Balance at 1 JULY 2016	3 653 687	10 000 000	232 252 505	245 906 192
Net Surplus for the year		-	14 707 856	14 707 856
Transfer to housing	15 380		(15 380)	-
Transfer from Capital Replacement Fund (Capital expenditure)		(547 792)	547 792	-
Transfer to Capital Replacement Fund		547 792	(547 792)	-
Balance at 30 JUNE 2017	3 669 067	10 000 000	246 944 981	260 614 047
Net Surplus for the year	-	-	9 314 085	9 314 085
Transfer from housing	(1 560 037)		1 560 037	-
Transfer from Capital Replacement Fund (Capital expenditure)		(3 827 583)	3 827 583	-
Transfer to Capital Replacement Fund		3 827 583	(3 827 583)	-
Balance at 30 JUNE 2018	2 109 030	10 000 000	257 819 099	269 928 133

SWELLEN DAM LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	Notes	30 JUNE 2018 R	30 JUNE 2017 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		157 303 150	141 726 063
Government		51 956 852	57 282 187
Interest		5 177 437	5 264 288
Payments			
Suppliers and employees		(180 587 846)	(165 012 090)
Finance charges	34	(6 635 766)	(6 177 145)
Transfers and Grants	36	(1 296 595)	(1 586 105)
Cash generated by operations	41	25 917 231	31 497 198
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	13	(19 035 944)	(14 778 036)
Proceeds on Disposal of Fixed Assets		117 323	1 447 629
Purchase of Intangible Assets		(72 531)	(12 114)
Additions to Capitalized Restoration Cost		(349 733)	-
Decrease in Long-term Receivables		-	-
Net Cash from Investing Activities		(19 340 885)	(13 342 521)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(2 214 897)	(3 033 678)
New loans raised			
Increase in Consumer Deposits		243 546	112 357
Net Cash from Financing Activities		(1 971 351)	(2 921 321)
NET INCREASE IN CASH AND CASH EQUIVALENTS		4 604 995	15 233 355
Cash and Cash Equivalents at the beginning of the year		60 790 985	45 557 630
Cash and Cash Equivalents at the end of the year	42	65 395 980	60 790 985
NET INCREASE IN CASH AND CASH EQUIVALENTS		4 604 995	15 233 356

SWELLENHAM LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)	Material differences more than R2.4 million
ASSETS				
Current assets				
Cash	65 395 980	47 188 000	18 227 980	Improved credit and budget control as well as Unspent Conditional Grants.
Call investment deposits	-	-	-	
Consumer debtors	17 603 542	30 000 000	(12 396 458)	Write-off of bad debt and disciplined credit control.
Other Receivables	1 661 381	2 000 000	(338 619)	
Current portion of long-term receivables	-	-	-	
Inventory	10 431 675	12 000 000	(1 568 325)	
Total current assets	95 092 578	91 188 000	3 924 578	
Non current assets				
Investment property	25 073 476	19 688 000	5 405 476	Due to formula used to determine the budgetted amount.
Property, plant and equipment	291 680 191	283 170 000	8 510 191	Due to retrospective correction of error as well as formula used to determine the budgetted amount.
Intangible Assets	434 709	430 000	4 709	
Other non-current assets	5 113 302	4 800 000	313 302	
Total non current assets	322 301 677	308 068 000	14 233 677,44	
TOTAL ASSETS	417 394 256	399 236 000	18 158 255,76	
LIABILITIES				
Current liabilities				
Borrowing	3 078 312	2 800 000	278 312	
Consumer deposits	2 244 804	1 540 000	704 804	
Trade and other payables	28 825 925	57 529 000	(28 703 075)	Improved budget control, a decrease in Unspent Conditional Grants as well as a decrease in expenditure.
Provisions and Employee Benefits	27 454 173	6 000 000	21 454 173	Due to actuarial calculations.
Total current liabilities	61 603 215	67 869 000	(6 265 785)	
Non current liabilities				
Borrowing	31 939 491	28 577 000	3 362 491	New finance leases of office equipment.
Provisions and Employee Benefits	53 923 420	59 000 000	(5 076 580)	Due to actuarial calculations.
Total non current liabilities	85 862 911	87 577 000	(1 714 089)	
TOTAL LIABILITIES	147 466 126	155 446 000	(7 979 874)	
NET ASSETS	269 928 130	243 790 000	26 138 130	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	257 819 099	235 091 000	22 728 099	
Reserves	12 109 031	8 700 000	3 409 031	Contribution to CRR not taken into account in full during the budgetting process.
TOTAL COMMUNITY WEALTH/EQUITY	269 928 130	243 791 000	26 137 130	

SWELLENHAM LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

ADJUSTMENTS TO APPROVED BUDGET

	2018 R (Approved Budget)	2018 R (Adjustments)	2018 R (Final Budget)	Material differences more than R2.4 million
ASSETS				
Current assets				
Cash	20 784 000	26 384 000	47 168 000	
Call investment deposits	-	-	30 000 000	Improved credit and budget control as well as Unspent Conditional Grants.
Consumer debtors	30 000 000	-	2 000 000	
Other Receivables	2 000 000	-	12 000 000	
Current portion of long-term receivables	12 000 000	-	91 168 000	
Inventory	64 784 000	26 384 000		
Total current assets				
	19 668 000	-	19 668 000	
Non current assets				
Investment property	278 208 000	4 962 000	283 170 000	Additional allocation from the Department of Human Settlements for the purchase of land.
Property, plant and equipment	430 000	-	430 000	
Intangible Assets	4 800 000	-	4 800 000	
Other non-current assets	303 106 000	4 962 000	308 068 000	
Total non current assets				
	367 890 000	31 346 000	399 236 000	
TOTAL ASSETS				
LIABILITIES				
Current liabilities				
Borrowing	2 800 000	-	2 800 000	
Consumer deposits	1 540 000	-	1 540 000	
Trade and other payables	23 373 000	34 156 000	57 529 000	Due to an increase in expenditure as well as formula used to determine the budgeted amount.
Provisions and Employee Benefits	6 000 000	-	6 000 000	
Total current liabilities				
	33 713 000	34 156 000	67 869 000	
Non current liabilities				
Borrowing	36 200 000	(7 623 000)	28 577 000	
Provisions and Employee Benefits	59 000 000	-	59 000 000	Incorrect previous budget used for initial calculation.
Total non current liabilities				
	95 200 000	(7 623 000)	87 576 000	
TOTAL LIABILITIES				
	128 913 000	26 533 000	155 446 000	
NET ASSETS				
	238 978 000	4 813 000	243 791 000	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	230 277 000	4 814 000	235 091 000	
Reserves	8 700 000	-	8 700 000	
TOTAL COMMUNITY WEALTH/EQUITY				
	238 977 000	4 814 000	243 791 000	

SWELLENHAM LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FINANCIAL PERFORMANCE 30 JUNE 2018

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)	Material differences more than R2.4 million
REVENUE BY SOURCE				
Property rates	35 122 006	35 414 000	(291 994)	
Service charges	104 716 495	104 362 000	354 495	
Rental of facilities and equipment	672 730	329 000	343 730	
Interest earned - external investments	4 183 787	3 700 000	483 787	
Interest earned - outstanding debtors	1 251 418	933 000	318 418	
Fines	37 583 124	27 042 000	10 541 124	Increase in provision of traffic fines reflecting total of fines issued and not only paid.
Licences and permits	1 269 872	911 000	358 872	
Agency services	1 854 081	1 600 000	254 081	
Government Grants and Subsidies - Operating	40 287 116	43 118 000	(2 830 884)	Due to Unspent Conditional Grants.
Other revenue	3 227 547	3 755 000	(527 453)	
Gains on disposal of PPE	-	500 000	(500 000)	
Inventories: (Write-down)/Reversal of Write-down to Net R	-1 066 198	-	(1 066 198)	
Total Operating Revenue	229 101 977	221 684 000	7 437 977	
EXPENDITURE BY TYPE				
Employee related costs	80 914 789	89 102 000	(8 187 211)	Cost containment measures on employee cost as well as due to the decrease in provisions of employee benefits.
Remuneration of councillors	4 954 221	4 970 000	(15 779)	
Debt impairment	30 432 477	20 000 000	10 432 477	Inadequate budgetting for impairment of traffic fines.
Bad debts written off	4 339 215	4 550 512	(211 297)	
Depreciation & asset impairment	7 473 737	10 290 000	(2 816 263)	Decrease in budgetted depreciation for landfill sites.
Finance charges	6 635 766	4 894 000	1 741 766	
Bulk purchases	51 602 061	53 411 000	(1 808 939)	
Other materials	17 469 790	19 259 000	(1 789 210)	
Contracted Services	13 703 717	15 631 000	(1 927 283)	
Grants and subsidies paid	1 296 595	1 733 000	(436 405)	
Other expenditure	18 111 967	19 752 488	(1 640 521)	
Loss on disposal of PPE	344 721	-	344 721	
Total Operating Expenditure	237 279 058	243 593 000	(6 313 942)	
Operating Deficit for the year	(8 177 081)	(21 929 000)	13 751 919	
Government Grants and Subsidies - Capital	17 491 166	19 773 000	(2 281 834)	Land purchase transaction not utilised.
Net Surplus/(Deficit) for the year	9 314 085	(2 156 000)	11 470 085	

SWELLENDAM LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FINANCIAL PERFORMANCE 30 JUNE 2018

ADJUSTMENTS TO APPROVED BUDGET

	2018 R (Approved Budget)	2018 R (Adjustments)	2018 R (Final Budget)	Material differences more than R2.4 million
REVENUE BY SOURCE				
Property taxes	34 958 000	456 000	35 414 000	
Service Charges	104 954 000	(592 000)	104 362 000	
Rental of Facilities and Equipment	1 570 000	(1 241 000)	329 000	
Interest Earned - external investments	2 481 000	1 239 000	3 700 000	
Interest Earned - outstanding receivables	2 087 000	(1 154 000)	933 000	
Fines, Penalties and Forfeits	26 818 000	224 000	27 042 000	
Agency Services	1 705 000	(105 000)	1 600 000	
Licences and Permits	896 000	15 000	911 000	
Government Grants and Subsidies - Operating	37 264 000	5 854 000	43 118 000	
Other revenue	1 807 000	1 948 000	3 755 000	
Gain on disposal of Property, Plant and Equipment	2 000 000	(1 500 000)	500 000	Due to roll over of Unspent Conditional Grants approved August 2017.
Total Operating Revenue	216 520 000	5 144 000	221 664 000	
EXPENDITURE BY TYPE				
Employee related costs	85 039 000	4 063 000	89 102 000	Budget changes due to MSCOA segment changes.
Remuneration of councillors	5 124 000	(154 000)	4 970 000	
Debt impairment	20 000 000	-	20 000 000	
Depreciation & asset impairment	10 830 000	(540 000)	10 290 000	
Finance charges	6 193 000	(1 299 000)	4 894 000	
Bulk purchases	53 280 000	131 000	53 411 000	
Other materials	14 629 000	4 630 000	19 259 000	Budget changes due to MSCOA segment changes.
Contracted Services	1 482 000	15 631 000	15 631 000	Budget changes due to MSCOA segment changes.
Grants and subsidies paid		251 000	1 733 000	
Other expenditure	35 853 000	(11 550 000)	24 303 000	Budget changes due to MSCOA segment changes.
Loss on disposal of PPE		-	-	
Total Operating Expenditure	232 429 000	11 180 000	243 592 000	
Operating Deficit for the year	(15 909 000)	(6 020 000)	(21 929 000)	
Government Grants and Subsidies - Capital	14 810 000	4 963 000	19 773 000	Due to roll over of Unspent Conditional Grants approved August 2017.
Net Deficit for the year	(1 099 000)	(1 053 000)	(2 155 000)	

SWELLENDAM LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)	Material differences more than R2.4 million
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	157 303 150	153 177 000	4 126 150	
Government - operating	34 485 686	43 118 000	(8 652 314)	Increase in recovery of Receivables.
Government - capital	17 491 166	19 773 000	(2 281 834)	Due to Unspent Conditional Grants.
Interest	5 177 437	4 642 000	535 437	
Payments				
Suppliers and Employees	(180 587 846)	(190 965 000)	10 377 154	
Finance charges	(6 635 766)	(4 503 000)	(2 132 766)	Cost containment measures on employee cost and expenditure.
Transfers and Grants	(1 296 595)	(1 733 000)	436 405	Due to formula used to determine the budgetted amount.
NET CASH FROM/(USED) OPERATING ACTIVITIES	25 917 231	23 509 000	2 408 231	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	117 323	500 000	(382 677)	
Decrease/(increase) in non-current receivables	-	-	-	
Payments				
Capital assets	(19 108 475)	(23 773 000)	4 664 525	Land purchase transaction not utilised.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(18 991 152)	(23 273 000)	4 281 848	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	243 546	-	243 546	
Payments				
Repayment of borrowing	(2 214 897)	(4 796 000)	2 581 103	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 971 351)	(4 796 000)	2 824 649	Due to formula used to determine the budgetted amount.
NET INCREASE/(DECREASE) IN CASH HELD	4 954 728	(4 560 000)	9 514 728	
Cash and Cash Equivalents at the beginning of the year	60 790 985	51 728 000	9 062 985	
Cash and Cash Equivalents at the end of the year	65 395 980	47 168 000	18 227 980	

SWELLENDAM LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018
ADJUSTMENTS TO APPROVED BUDGET

Material differences more than R2.4 million

	2018 R (Approved Budget)	2018 R (Adjustments)	2018 R (Final Budget)	
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	148 456 000	4 721 000	153 177 000	
Government - operating	37 264 000	5 854 000	43 118 000	
Government - capital	14 810 000	4 963 000	19 773 000	
Interest	4 506 000	136 000	4 642 000	
Payments				
Suppliers and Employees	(189 101 000)	(1 864 000)	(190 965 000)	
Finance charges	(5 789 000)	1 286 000	(4 503 000)	
Transfers and Grants	(1 482 000)	(251 000)	(1 733 000)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	8 664 000	14 845 000	23 509 000	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	2 000 000	(1 500 000)	500 000	
Decrease/(increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(18 761 000)	(5 012 000)	(23 773 000)	Land purchase transaction not utilised.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(16 761 000)	(6 512 000)	(23 273 000)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	(2 700 000)	(2 096 000)	(4 796 000)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(2 700 000)	(2 096 000)	(4 796 000)	
NET INCREASE/(DECREASE) IN CASH HELD	(10 796 000)	6 237 000	(4 560 000)	
Cash and Cash Equivalents at the beginning of the year	31 580 000	20 148 000	51 728 000	
Cash and Cash Equivalents at the end of the year	20 784 000	26 384 000	47 168 000	

SWELLENHAM MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current

year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

SWELLENDAM MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1.5 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included in the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

SWELLENDAM MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2017/18 financial year.

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 20 (Original – June 2011)	<p>Related Party Disclosure</p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	1 April 2019
GRAP 32 (Original – Aug 2013)	<p>Service Concession Arrangements: Grantor</p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	1 April 2019
IGRAP 17	<p><u>Service Concessions Arrangements Where a Grantor Controls a Significant Residual Interest in a Asset</u></p> <p>This interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 108 (Original – Sept 2013)	<p>Statutory Receivables</p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p>	1 April 2019

SWELLENDAM MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy	
GRAP 109	<p>Accounting by Principles and Agents</p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2019
GRAP 110	<p>Living and non-living resources</p> <p>The objective of this Standard is prescribe the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2020

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. RESERVES

1.9.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/ to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

1.9.2 Housing Development Fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress, as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development

SWELLENDAM MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.10. LEASES

1.10.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

SWELLENDAM MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

-
- Unspent conditional grants are recognised as a liability when the grant is received.
 - When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
 - The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
 - Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

The same accounting principles will be applied with the recognition of unspent Public Contributions.

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant as set out in note 1.11 or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

1.13. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.14. EMPLOYEE BENEFITS

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Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

1.14.1 Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.2 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these

plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting

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from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation. .

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.3 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.14.4 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.14.5 Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.14.6 Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

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- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.14.7 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment

1.15. BORROWING COSTS

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.16. PROPERTY, PLANT AND EQUIPMENT

1.16.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.16.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Apart from the Landfill site, Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.16.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives: (indicated in years)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Intangible assets	Software	5 - 10
Investment property	Land	0
Investment property	Buildings	100
Property Plant and Equipment		
Infrastructure assets	Electrical Infrastructure -In-use -LV Networks	30 - 60
Infrastructure assets	Electrical Infrastructure -In-use -MV Networks	45 - 61
Infrastructure assets	Electrical Infrastructure -In-use -MV Substations -Cost	20 - 60
Infrastructure assets	Roads Infrastructure	15 - 80
Infrastructure assets	Sanitation Infrastructure	12 - 100
Infrastructure assets	Solid Waste Infrastructure	15 - 52
Infrastructure assets	Storm water Infrastructure	25 - 100
Infrastructure assets	Water Supply Infrastructure -Dams and Weirs	30 - 100
Infrastructure assets	Water Supply Infrastructure -Distribution	0 - 100
Infrastructure assets	Supply Infrastructure -Pump Stations	12 - 80
Infrastructure assets	Water Supply Infrastructure -Reservoirs	15 - 80
Infrastructure assets	Water Supply Infrastructure -Water Treatment Works (WTV)	8 - 80
Infrastructure assets	Water Supply Infrastructure - Bulk Mains	60 - 80
Leased Assets	Furniture and office equipment	3 - 8
Community Assets		
Libraries		0 - 100
Other Assets		0 - 100
Computer Equipment		3 - 26
Furniture and Office Equipment		4 - 35
Information and Communication Infrastructure		17 - 24
Machinery and Equipment		2 - 30
Transport Assets		9 - 40

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.16.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1.16.5 Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used

in order to determine the deemed cost as on 1 July 2009. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

1.17. INTANGIBLE ASSETS

1.17.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.17.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.17.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

	<u>Years</u>
Computer Software	5-10

1.17.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2008.

1.18. INVESTMENT PROPERTY

1.18.1 Initial Recognition

Investment property is recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an

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Investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.18.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.18.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	30-120

1.18.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

1.19 HERITAGE ASSETS

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1.19.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.19.2 Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.19.3 Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.19.4 De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.19.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1.20.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to
- dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or

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CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been

recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.20.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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- A decision to halt the construction of the asset before it is complete or in a usable condition.
 - Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit. The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.21. INVENTORIES

1.21.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.21.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in

net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.22. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.22.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.22.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.22.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

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For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.22.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.22.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For

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the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.22.2.4 Non-Current Investments

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.22.3 De-recognition of Financial Instruments

1.22.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put

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option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.22.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.22.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.23 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.23.1 Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.23.2 Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying

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amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.23.3 Derecognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
 - (i) derecognise the receivable; and
 - (ii) recognise separately any rights and obligations created or retained in the transfer.

1.24. REVENUE

1.24.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in

exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be

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considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fines revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account may be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

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1.24.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

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Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value

of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.25 TRANSFER OF FUNCTION (Municipality as the acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

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- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
 - arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- (a) identifying the acquirer (Municipality);
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.26 RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

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The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
 - has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and

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- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.27. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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1.29. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is

accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.31.1 Post-retirement medical obligations and, Long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates

and future pension increases. Major assumptions used are disclosed in note 4 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.31.2 Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

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1.31.3 Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service

requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.31.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

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For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

1.31.5 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.31.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.31.7 Revenue Recognition

Accounting Policy 1.24.2 on Revenue from Non-Exchange Transactions and Accounting Policy 1.24.1 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service

has been performed. Revenue from the issuing of spot fines and summonses have been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.31.8 Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the

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expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

1.31.9 Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.31.10 Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The actual pre-paid electricity sold per day for the last 5 days during the year under review is used as the estimate for calculating unused units

1.31.11 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.32. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.33. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

SWELLENDAM MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1.34. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.35. TAXATION

1.35.1 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

1.35.2 Deferred tax assets and liabilities

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

1.35.3 Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

SWELLENDAM MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity

	2018 R	2017 R
2 NET ASSET RESERVES		
Housing Development Fund	2 109 031	3 669 068
Capital Replacement Reserve	10 000 000	10 000 000
Total Net Asset Reserves	12 109 031	13 669 068
3 LONG-TERM BORROWINGS		
Annuity Loans - At amortised cost	31 881 264	33 654 268
Hire Purchases Liability-At amortised cost	1 452 207	1 855 380
Capitalised Lease Liability - At amortised cost	1 684 333	-
	35 017 803	35 509 647
Current Portion transferred to Current Liabilities	3 078 312	2 430 085
Annuity Loans - At amortised cost	2 144 036	2 027 391
Hire Purchases Liability-At amortised cost	441 009	402 694
Capitalised Lease Liability - At amortised cost	493 267	-
	31 939 491	33 079 562
Total Long-term Liabilities - At amortised cost using the effective interest rate method	31 939 491	33 079 562
Annuity loans at amortised cost consist of 8 contracts with DBSA, calculated at interest rates ranging between 8.075% and 15.9%, with a maturity dates between 2017 and June 2030. The loans are unsecured.		
A loan from ABSA. The principle amount is R6 595 800 at a fix interest rate of 9%. Interest is capitalized monthly and the repayments is 6 monthly. The loan is unsecured.		
The obligations under annuity loans are scheduled below:		
	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	5 577 448	5 647 074
Payable within two to five years	21 984 578	22 180 606
Payable after five years	27 377 457	32 803 187
	54 939 483	60 630 867
Less: Future finance obligations	(23 058 220)	(26 978 600)
Present value of annuity obligations	31 881 264	33 654 267
A Hire Purchase agreement at amortised cost was entered with ABSA. The principle amount is R2 320 262.95 at a fix interest rate of 8%. Interest is capitalized monthly and the repayments is 6 monthly. The loan is secured.		
The obligations under hire purchases are scheduled below:		
	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	568 175	568 175
Payable within two to five years	1 132 350	1 698 528
Payable after five years	-	-
	1 698 526	2 264 701
Less: Future finance obligations	(246 319)	(409 321)
Present value of Hire Purchase obligations	1 452 206	1 855 380
Hire purchases are secured by property plant and equipment		
The obligations under finance leases are scheduled below:		
	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	639 618	-
Payable within two to five years	1 315 330	-
Payable after five years	-	-
	1 954 948	-
Less: Future finance obligations	(270 615)	-
Present value of lease obligations	1 684 334	-
Leases are secured by property, plant and equipment - Note 11		
The municipality has entered into lease agreements with Centrafin for copiers, shredders and printers. The rental periods are for 36 months, starting 1 June 2016. Rental instalments are payable monthly. An annual escalation of 5% is applicable.		
4 EMPLOYEE BENEFITS	2018 R	2017 R
Post Retirement Benefits - Refer to Note 4.1	30 397 195	29 789 435
Long Service Awards - Refer to Note 4.2	3 661 887	2 544 511
Total Non-current Employee Benefit Liabilities	34 059 082	32 333 946

	2018 R	2017 R
<u>Post Retirement Benefits</u>		
Balance 1 July	30 592 132	29 692 870
Contribution for the year	1 635 693	1 720 242
Interest Cost	2 961 476	2 675 556
Expenditure for the year	(535 088)	(696 528)
Actuarial Gain	(3 442 399)	(2 800 008)
Total post retirement benefits 30 June	31 211 814	30 592 132
Less: Transfer of Current Portion - Note 7	(814 619)	(802 697)
Balance 30 June	30 397 195	29 789 435
<u>Long Service Awards</u>		
Balance 1 July	2 831 422	2 928 239
Contribution for the year	1 298 921	228 395
Interest Cost	227 290	221 485
Expenditure for the year	(271 684)	(575 514)
Actuarial Loss	74 398	28 817
Total long service 30 June	4 160 367	2 831 422
Less: Transfer of Current Portion - Note 7	(498 480)	(286 911)
Balance 30 June	3 661 887	2 544 511
<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	2018	2017
Balance 1 July	33 423 554	32 621 109
Contribution for the year	2 934 614	1 948 637
Interest cost	3 188 766	2 897 041
Expenditure for the year	(806 752)	(1 272 042)
Actuarial Gain	(3 368 001)	(2 771 191)
Total employee benefits 30 June	35 372 181	33 423 554
Less: Transfer of Current Portion - Note 7	(1 313 099)	(1 089 608)
Balance 30 June	34 059 082	32 333 946

4 EMPLOYEE BENEFITS (CONTINUE)

4.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	184	169
In-service (employee) non-members	56	65
Continuation members (e.g. Retirees, widows, orphans)	18	19
Total Members	258	253

The liability in respect of past service has been estimated to be as follows:

In-service members	19 302 079	17 677 645
In-service non- members	2 967 357	3 357 770
Continuation members	8 942 378	9 556 718
Total Liability	31 211 814	30 592 133

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2016 R	2015 R	2014 R	2013 R
	29 692 870	28 334 485	25 209 737	22 061 929
Total Liability	29 692 870	28 334 485	25 209 737	22 061 929

Experience adjustments were calculated as follows:

	2018 Rm	2017 Rm	2016 Rm	2015 Rm
Liabilities: loss/(profit)	-0,701	1,427	-1,649	-1,794

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
LA Health
Key health.
Hosmed
Samwu

Key actuarial assumptions used:

i) Rate of Interest

	2018 %	2017 %
Discount rate	9,66	9,81
Health Care Cost Inflation Rate	7,45	8,09
Net Effective Discount Rate	2,06	1,59

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

The amount recognised in the Statement of Financial Position is as follow:

	2018 R	2017 R
Present value of fund obligations	30 397 195	29 789 435
Total Liability	30 397 195	29 789 435

The entire fund is unfunded.

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	30 592 132	29 692 870
Total expenses	4 062 081	3 699 270
Current service cost	1 635 693	1 720 242
Interest Cost	2 961 476	2 675 556
Benefits Paid	(535 088)	(696 528)
Actuarial (gains)/losses	(3 442 399)	(2 800 008)
Present value of fund obligation at the end of the year	31 211 814	30 592 132
Less: Transfer of Current Portion - Note 7	(814 619)	(802 697)
Balance 30 June	30 397 195	29 789 435

Sensitivity Analysis on the Accrued Liability

Assumption	In service members (Rm)	Continuation members liability (Rm)	Total (Rm)	% change
Central Assumptions	22,269	8,942	31,212	

The effect of movements in the assumptions are as follows:

Assumption	Change	In service members (Rm)	Continuation members liability (Rm)	Total (Rm)	% change
Health care Inflation	1%	28,790	9,741	36,531	17
Health care Inflation	-1%	18,676	8,240	26,916	(14)
Post-retirement mortality	-1 year	18,769	8,259	27,028	(13)
Discount Rate	1%	26,734	9,731	36,465	17
Discount Rate	-1%	22,899	9,292	32,191	3
Average retirement age	-1 year	23,503	8,942	32,445	4
Continuation of membership at retirement	-10%	18,716	8,942	27,658	(11)

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		1 635 700	2 961 500	4 597 200	
Health care Inflation	1%	2 045 500	3 488 300	5 533 800	20
Health care Inflation	-1%	1 320 600	2 537 700	3 858 300	(16)
Post-retirement mortality	-1 year	1 339 500	2 806 700	4 146 200	(10)
Discount Rate	1%	2 023 800	3 129 200	5 153 000	12
Discount Rate	-1%	1 683 600	3 059 700	4 743 300	3
Average retirement age	-1 year	1 587 400	3 090 700	4 678 100	2
Continuation of membership at retirement	-10%	1 399 200	2 611 100	4 010 300	(13)

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

2018 2017

Key actuarial assumptions used:

i) Rate of Interest

	2018	2017
Discount rate	8,53	8,45
General Salary Inflation (long-term)	6,16	6,27
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2,23	2,05

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

The amount recognised in the Statement of Financial Position is as follows:

	2018 R	2017 R
Present value of fund obligations	3 661 887	2 544 511
Net Liability	3 661 887	2 544 511

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2016 R	2015 R	2014 R	2013 R
Total Liability	2 291 604	2 426 071	2 245 822	2 225 611

Experience adjustments were calculated as follows:

	2018	2017	2016	2015
Liabilities: (Gain) / loss	123 313	233 573	181 212	278 768

Reconciliation of present value of fund obligation:

	2018	2017
Present value of fund obligation at the beginning of the year	2 831 422	2 928 239
Total expenses	1 254 547	(125 634)
Current service cost	1 298 921	228 395
Interest Cost	227 290	221 485
Benefits Paid	(271 664)	(575 514)
Actuarial (gains)/losses	74 398	28 817
Present value of fund obligation at the end of the year	4 160 367	2 831 422
Less: Transfer of Current Portion - Note 7	(498 480)	(286 911)
Balance 30 June	3 661 887	2 544 511

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		4,160	
General salary inflation	1%	4,394	6
General salary inflation	-1%	3,945	(5)
Discount Rate	1%	3,931	(6)
Discount Rate	-1%	4,414	6
Average retirement age	-2 yrs	3,177	(24)
Average retirement age	2 yrs	4,806	16
Withdrawal rates	-50%	4,820	16

4.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and was not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosures have been made as defined in GRAP 25.31.

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 112.1% (30 June 2014 - 112.6%).

Contributions paid recognised in the Statement of Financial Performance

2018 R	2017 R
6 267 188	5 475 513

DEFINED CONTRIBUTION FUNDS

Council contribute to the SAMWU National Provident Fund which is a defined contribution fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

SAMWU National Provident Fund

2018 R	2017 R
1 943 867	1 898 204
1 943 867	1 898 204

5 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites

2018 R	2017 R
19 864 338	18 518 263

Landfill Sites

Balance 1 July
Unwinding of discounted interest
Additions

34 651 512	32 573 864
2 627 161	2 077 648
349 733	-

Total provision 30 June

37 628 406	34 651 512
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Less: Transfer of Current Portion to Current Provisions - Refer to note 8

(17 764 068)	(16 133 249)
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Balance 30 June

19 864 338	18 518 263
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Due to the latest available, reliable information, a change in estimate amounted to R349 733 was made to the total liability. This change in estimate has arisen from the increase in size of the Bontebok (Swellendam) landfill-site. It is however impracticable to estimate the effect in future periods. The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Malagas	Swellendam	Infanta	Suurbraak	Barrydale
Rehabilitation area (m ²)	15 772	41 976	3 289	3 275	9 451
	R	R	R	R	R
Preliminary and General	753 681	1 650 431	165 725	228 580	595 575
Site Clearance and Preparation	46 527	123 829	9 644	9 661	27 880
Stormwater Control Measures	1 030 204	1 562 510	435 680	446 032	1 124 521
Capping	2 704 792	9 308 966	561 204	566 393	1 728 570
Gas Management	-	83 787	-	-	-
Leachate Management	348 287	700 333	167 854	134 804	351 860
Fencing	1 253 625	9 367	9 367	475 826	1 021 274
Other	409 967	793 584	798 098	850 152	458 024
Contingencies	613 712	1 343 922	134 947	186 130	484 968
Engineering Professional Fees	506 312	1 108 736	111 331	153 557	400 099
Site Supervision	367 136	551 938	233 078	217 098	268 821

Previously reported

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites increasing at a rate of 6.01% pa (2018), 6.5% pa (2017) are as follows:

Location	Estimated decommission date	Cost of rehabilitation at decommission date	Cost of rehabilitation at decommission date Restated	Cost of rehabilitation at decommission date
		2018	2017	2017
				R
Malagas	2019	8 517 453	7 798 065	7 322 127
Swellendam	2022	21 773 850	21 825 850	15 930 269
Infanta	2041	10 065 563	11 731 506	2 587 993
Suurbraak	2019	3 464 797	3 153 628	2 961 153
Barrydale	2019	6 850 217	6 230 217	5 849 969
		50 671 680	50 739 266	34 651 511

6	CONSUMER DEPOSITS		
	Water & Electricity	1 693 728	1 487 147
	Other	551 076	514 111
	Total Consumer Deposits	2 244 804	2 001 259

Guarantees held in lieu of Electricity and Water Deposits

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The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

7	CURRENT EMPLOYEE BENEFITS		
	Current Portion of Post Retirement Benefits - Note 4	814 819	802 697
	Current Portion of Long-Service Provisions - Note 4	498 480	288 911
	Provision for Staff Leave	5 722 745	5 289 731
	Staff Bonuses accrued	1 860 798	1 613 694
	Provision for Performance Bonuses	793 463	869 789
	Total Current Employee Benefits	9 690 105	8 862 820

The movement in current employee benefits are reconciled as follows:

Provision for Staff Leave

Balance at beginning of year	5 289 731	3 452 425
Contribution to current portion	693 891	2 054 815
Expenditure incurred	(260 877)	(217 510)
Balance at end of year	5 722 745	5 289 731

Staff leave accrued to employees according to a collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Staff Bonuses accrued

Balance at beginning of year	1 613 694	1 520 058
Contribution to current portion	3 611 701	3 207 971
Expenditure incurred	(3 364 597)	(3 114 336)
Balance at end of year	1 860 798	1 613 694

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent a portion of the bonus that has already vested for the current salary cycle. There is no possibility of reimbursement.

Performance Bonuses

Balance at beginning of year	869 789	600 000
Contribution to current portion	522 816	806 568
Expenditure incurred	(599 142)	(536 779)
Balance at end of year	793 463	869 789

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

8	PROVISIONS		
	Current Portion of Rehabilitation of Landfill-sites - Note 5	17 764 068	16 133 249
	Total Provisions	17 764 068	16 133 249

9	TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS	2018	2017
		R	R
	Trade Payables	18 856 849	18 561 657
	Accrued Interest	684 639	684 639
	Pre-Paid Electricity	538 469	511 308
	Retentions and Guarantees	755 925	1 181 375
	Debtors paid in advance	1 249 178	1 200 073
	Other payables	1 459 250	11 336
	Total Trade Payables	23 544 309	22 150 387

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include hall, builders and housing Deposits.

The arrear portion of long term liabilities originated as a result of the municipality not settling in full the current portion of the annuity loan as disclosed in note 3.1.

10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants

National Government Grants
Provincial Government Grants
Other Grant Providers

5 281 616 11 504 569

2 277	6 150 277
5 194 668	5 077 621
84 673	276 672

Less: Unpaid Grants

National Government Grants
Provincial Government Grants
Other Grant Providers

- -

-	-
-	-
-	-

Total Conditional Grants and Receipts

5 281 617 11 504 569

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

11 UNSPENT PUBLIC CONTRIBUTIONS

Description of unspent contribution
Description of unspent contribution
Total Unspent Public Contributions

- -
- -
- -

12 TAXES

12,1 VAT PAYABLE

VAT in suspense
VAT output in suspense
Total Vat payable

(1 357 161) 92 738 252
(1 357 161) 92 738 252

12,2 VAT RECEIVABLE

VAT input in suspense
Total VAT receivable

266 408 94 531 492
266 408 94 531 492

12,3 NET VAT RECEIVABLE/(PAYABLE)

1 623 569 1 793 239

VAT is receivable/payable on the cash basis.

13	Assets pledged as security:	2018	2017
	All the assets obtained by financial leases are pledged as security.		
	Carrying value of these assets :	1 693 310	61 117
	Third party payments received for losses incurred:		
	Payments received (Excluding VAT)	-	-
	Carrying value of assets written off/lost	454 545	32 529
	Deficit	454 545	32 529
	Effect of changes in accounting estimates		
	During the current year useful lives of assets were re-assessed to ensure that assets' useful lives accurately reflect the remaining useful lives that each will be utilised.		
	The effect on the current and future periods are as follow :		
		2018 R	2019 R
	Decrease in Accumulated Depreciation: Property, plant and equipment	(160 438)	(95 515)
			59 324
	Impairment of property plant and equipment for the year		
	Impairment charges on Property, plant and equipment recognised in statement of financial performance		
	Infrastructure	-	-
	Land and Buildings	-	98 654
	Community Assets	-	17 000
		-	115 654
		2018 R	2017 R
	Property Plant and Equipment which is in the process of construction or development		
	Infrastructure		
	Water Supply	2 054 381	4 234 981
	Electricity	1 825 304	855 749
	Sanitation	-	2 250 182
	Roads	3 146 996	-
	Community assets	662 925	2 532 936
	Total	7 689 586	9 873 848
		2018 R	2017 R
	Property Plant and Equipment where construction or development has been halted		
	Sanitation	2 901 762	769 642
	Reason		
	Project: Upgrading of Suurbraak WWTW (R2 132 120.80). Professional fees indicated that the project would exceed budget and therefore was not deemed feasible. New Tender Process started.		
	Project: Upgrading of Barrydale WWTW (R769 641.60). Counter Funding deemed to high, project halted.		
	Expenditure incurred to repair and maintain Property, Plant and Equipment:		
	Employee related costs	9 729	19 880
	Other materials	6 063 521	5 412 735
	Contracted Services	9 436 809	7 268 145
		15 510 059	12 700 760
14	INVESTMENT PROPERTY	2018 R	2017 R
	Net Carrying amount at 1 July	25 211 326	25 597 466
	Cost	34 928 614	35 111 625
	Accumulated Depreciation	(700 300)	(621 688)
	Accumulated Impairment	(9 016 989)	(8 892 471)
	Acquisitions	-	-
	Disposals	(20 000)	(183 011)
	Depreciation for the year	(81 172)	(78 611)
	Impairment	-	(124 518)
	Transfers to and from Land and Buildings	(36 677)	-
	Net Carrying amount at 30 June	25 073 476	25 211 326
	Cost	34 871 937	34 928 614
	Accumulated Depreciation	(781 472)	(700 300)
	Accumulated Impairment	(9 016 989)	(9 016 989)
	Impairment charges on Investment Properties recognised in statement of financial performance	-	124 518
	There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Revenue derived from the rental of investment property	14 320	121 751
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Operating expenditure Incurred on properties

Revenue Generating expenditure

Improved Property	1 589	19 687
Employee related costs	-	-
Other materials	1 589	5 213
Contracted Services	-	14 474
Non Improved Property	-	-

Expenditure incurred to repair and maintain Investment Property

Employee related costs	-	-
Other materials	1 589	-
Contracted Services	-	-
	<u>1 589</u>	<u>-</u>

15 INTANGIBLE ASSETS

Computer Software

Net Carrying amount at 1 July	424 984	487 059
Cost	885 919	874 716
Accumulated Amortisation	(460 935)	(387 658)
Additions	72 531	12 114
Amortisation	(62 806)	(73 277)
Impairments	-	-
Disposals	-	(911)
Net Carrying amount at 30 June	434 709	424 984
Cost	958 450	885 919
Accumulated Amortisation	(523 741)	(460 935)

2018	2019	2020
R	R	R
(280)	(280)	-

Change in accounting estimates - decrease in amortisation

The following material intangible assets are included in the carrying value above

Description	Remaining Amortisation Period	Carrying Value	
		2018 R	2017 R
Microsoft Office and Windows software	5-10 years	434 709	424 984

No intangible asset assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

16 HERITAGE ASSETS

Net Carrying amount at 1 July	2 323 963	2 323 963
Acquisitions	-	-
Disposals	-	-
Impairments	-	-
Reversal of impairment losses	-	-
Transfers to Investment Properties	-	-
Net Carrying amount at 30 June	2 323 963	2 323 963
Cost	2 489 854	2 489 854
Accumulated Impairment	(165 891)	(165 891)

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

Repairs and maintenance:

Disclosure of repairs and maintenance per GRAP 103.88

Employee related cost		
Other materials	15 954	14 587
Contracted services	2 170	1 805
Other expenditure	-	-
Total repairs and maintenance	18 124	16 392

17 CAPITALISED RESTORATION COST

Net Carrying amount at 1 July	3 073 846	5 526 037
Cost	15 799 641	15 799 641
Accumulated Depreciation	(12 288 051)	(9 833 860)
Accumulated Impairment	(439 745)	(439 745)
Additions	349 733	-
Depreciation	(634 241)	(2 452 191)
Impairment	-	-
Net Carrying amount at 30 June	2 789 339	3 073 846
Cost	16 149 374	15 799 641
Accumulated Depreciation	(12 920 291)	(12 288 051)
Accumulated Impairment	(439 745)	(439 745)
Refuse tip-sites financed by way of a provision - Refer to note 5	2 789 339	3 073 846

18 INVENTORY

Consumable Stores - Stationery and materials - At cost	3 055 634	2 429 352
Water - at cost	56 067	51 284
Unsold Plots - At cost	7 319 975	8 675 975
Total Inventory	10 431 675	11 156 591

Consumable stores materials written down due to losses as identified during the annual stores counts.

Consumable stores materials surpluses identified during the annual stores counts.

Inventory recognised as an expense during the year	17 469 790	9 175 423
Consumables	3 510 259	3 150 962
Plots sold	40 000	-
Materials and Supplies	13 919 532	6 024 461

No inventory assets have been pledged as security for liabilities.

19 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Electricity	5 954 615	6 901 851
Water	4 348 722	5 288 243
Refuse	3 130 702	3 509 035
Sewerage	5 136 807	5 793 743
Rentals	254 368	275 558
Sundry Receivables	1 838 085	2 486 051
Total Receivables from Exchange Transactions	20 663 299	24 234 479
Less: Allowance for Doubtful Debts	(12 534 296)	(15 706 937)
Total Net Receivables from Exchange Transactions	8 129 003	8 527 542

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing

Current (0 - 30 days)	4 032 190	4 466 948
31 - 60 Days	427 015	493 667
61 - 90 Days	38 507	79 491
+ 90 Days	1 456 903	1 861 744
Total	5 954 615	6 901 851

(Water): Ageing

Current (0 - 30 days)	1 149 162	1 334 877
31 - 60 Days	367 390	352 990
61 - 90 Days	126 889	137 539
+ 90 Days	2 705 302	3 462 836
Total	4 348 722	5 288 243

(Refuse): Ageing

Current (0 - 30 days)	749 675	694 061
31 - 60 Days	274 659	245 907
61 - 90 Days	86 307	83 842
+ 90 Days	2 020 081	2 485 225
Total	3 130 702	3 509 035

(Sewerage): Ageing

Current (0 - 30 days)	1 254 452	1 165 356
31 - 60 Days	474 793	418 461
61 - 90 Days	150 503	148 070
+ 90 Days	3 257 059	4 061 856
Total	5 136 807	5 793 743

(Rentals): Ageing

Current (0 - 30 days)	25 977	35 671
31 - 60 Days	11 309	15 548
61 - 90 Days	9 681	6 593
+ 90 Days	207 402	217 746
Total	254 368	275 558

(Sundry): Ageing

Current (0 - 30 days)	94 231	79 444
31 - 60 Days	50 596	63 117
61 - 90 Days	31 755	38 079
+ 90 Days	1 661 502	2 285 410
Total	1 838 085	2 466 051

(Total): Ageing

Current (0 - 30 days)	7 305 687	7 776 357
31 - 60 Days	1 605 761	1 589 690
61 - 90 Days	443 622	493 615
+ 90 Days	11 308 228	14 374 617
Total	20 663 299	24 234 479

Reconciliation of Provision for Bad Debts

Balance at beginning of year	15 706 937	16 117 095
Contribution to provision/(Reversal of provision)	(3 172 641)	(410 158)
Transfer to Non-Exchange Provision		
Balance at end of year	12 534 296	15 706 937

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

20 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2018 R	2017 R
Rates	7 293 647	8 806 848
Other Receivables	49 408 377	66 032 105
Suspense Debtors	374 127	217 663
Other	49 034 250	65 814 441
Total Receivables from Non-Exchange Transactions	56 702 025	74 838 953
Less: Allowance for Doubtful Debts	(47 227 486)	(58 473 145)
Total Net Receivables from Non-Exchange Transactions	9 474 539	16 365 808

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

Ageing of Receivables from Non-Exchange Transactions:

(Rates): Ageing

Current (0 - 30 days)	2 435 431	2 198 274
31 - 60 Days	751 994	494 381
61 - 90 Days	133 880	147 005
+ 90 Days	3 972 343	5 967 189
Total	7 293 647	8 806 848

Reconciliation of Provision for Bad Debts

Balance at beginning of year	58 473 145	38 872 617
Written-off	(44 436 955)	-
Contribution to provision/(Reversal of provision)	(1 653 414)	(1 095 786)
Contribution to provision-traffic fines	34 844 710	20 696 314
Balance at end of year	47 227 486	58 473 145

The entire provision for bad debts relates to the outstanding rates balance.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

21 OPERATING LEASE ARRANGEMENTS

The Municipality as Lessor (Asset)

Balance on 1 July	38 279	44 384
Movement during the year	(467)	(6 105)
Balance on 30 June	37 812	38 279

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	91 781	135 981
1 to 5 Years	88 129	164 104
More than 5 Years	23 743	39 549
Total Operating Lease Arrangements	203 653	339 634

This lease income was determined from contracts that have a specific conditional income.
The leases are in respect of land and buildings being leased out for periods ranging until June 2031

The municipality does not engage in any sub-lease arrangements.
The municipality did not pay any contingent rent during the year

22 CASH AND CASH EQUIVALENTS

Assets

Call Investments Deposits	-	-
Bank Accounts	65 389 809	60 784 814
Cash on Hand	6 171	6 171
Total Cash and Cash Equivalents - Assets	65 395 980	60 790 985

Cash and cash equivalents comprise of cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

Current Accounts

Fist National Bank- Swellendam- Account number 53840005730	2 351 713	10 336 967
ABSA - Barrydale- Account Number 2390560039 (Primary Bank)	62 788 296	49 784 061

Current Accounts

Cash book balance at beginning of year	60 784 814	45 551 459
Cash book balance at end of year	65 389 809	60 784 814
Bank statement balance at beginning of year	60 121 027	45 091 868
Bank statement balance at end of year	65 140 009	60 121 027
	2018	2017
	R	R

23 PROPERTY TAXES

Actual

Rateable Land and Buildings

Residential Properties	38 700 145	35 765 416
Industrial Property	24 535 896	23 213 238
Business and Commercial Property	-	626 750
Agricultural Property	5 775 862	5 399 663
Properties owned by an organ of state and used for Public Service Purposes	6 549 417	5 986 837
Public Service Infrastructure Properties	1 836 574	405 890
Public Benefit Organisations	524	2 850
	1 871	130 188

Less: Rebates

3 578 139 3 162 248

Total Assessment Rates

35 122 006 32 603 168

Valuations - 1 JULY 2014 (Plus Interim Valuations)

Rateable Land and Buildings

Residential Properties -Sec 8(2)(a)	2 632 780 450	2 716 434 260
Industrial Properties - Sec 8(2)(b)	70 745 000	63 360 000
Business and Commercial Properties-Sec 8(2)(c)	401 067 400	402 032 700
Farm Agricultural Purposes - Sec 8(2)(d)(i)	2 667 545 873	2 501 157 713
Farm Commercial Purposes-Sec 8(2)(d)(ii)	50 736 000	70 926 000
Farm Residential Purposes-Sec 8(2)(d)(iii)	27 225 000	42 305 000
Farm Other Purposes - Sec 8(2)(d)(iv)	4 070 000	1 320 000
Farm Not use for any Purposes -Sec 8(2)(e)	21 708 000	18 485 000
Small Holdings Agricultural-Sec 8(2)(f)(i)	212 000	212 000
Small Holdings Residential Purposes-Sec 8(2)(f)(ii)	4 070 000	25 680 000
Small Holdings Business Purposes-Sec 8(2)(f)(iii)	-	1 520 000
State Owned - Sec 8(2)(g)	197 681 000	206 754 000
Municipal Owned-Sec 8(2)(h)	146 444 450	167 486 100
Public Service Infrastructure -Sec 8(2)(i)	3 758 300	1 641 200
National Monuments- Sec 8(2)(p)	13 470 000	13 470 000
Public Benefit Organisations - Sec 8(2)(q)	86 254 500	85 347 500
Total Assessment Rates	6 327 767 973	6 318 131 473

Valuations on land and buildings are performed every five years. The last valuation came into effect on 1 July 2013.

Rates:

Residential	0.972c/R	0.888c/R
Commercial	0.972c/R	0.888c/R
Agricultural	0.243c/R	0.222c/R

Rates are levied annually and monthly. Monthly rates are payable by the 28 th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

24 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants	26 201 000	24 012 000
Equitable Share	26 201 000	24 012 000
Conditional Grants	31 577 282	25 260 817
Grants and donations	31 577 282	25 260 817
Total Government Grants and Subsidies	57 778 282	49 272 817
Government Grants and Subsidies - Capital	17 491 166	14 242 358
Government Grants and Subsidies - Operating	40 287 116	35 030 460
	57 778 282	49 272 817

Revenue recognised per vote as required by Section 123 (c) of the MFMA

Corporate Services	368 913	270 825
Community Services	9 842 310	7 442 350
Engineers Service	19 253 103	14 835 694
Finance Service	2 030 000	2 342 294
Municipal Manager	82 956	369 655
	31 577 282	25 260 817

The municipality does not expect any significant changes to the level of grants.

24,1 Equitable share

Opening balance	-	-
Grants received	26 201 000	24 012 000
Conditions met - Operating	(26 201 000)	(24 012 000)
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

24,2 Expanded Public Works Program (EPWP)

Opening balance	-	35 238
Grants received	1 291 000	1 177 000
Conditions met - Operating	(1 291 000)	(1 177 000)
Conditions met - Capital	-	-
Grants paid back to National Treasury	-	(35 238)
Conditions still to be met	-	-

Job creation projects in previous disadvantage areas

24,3 Local Government Financial Management Grant (FMG)

Opening balance	-	-
Grants received	1 700 000	1 625 000
Conditions met - Operating	(1 700 000)	(1 625 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

24,4 Municipal Systems Improvement Grant

Opening balance	-	256 797
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Grants paid back to National Treasury	-	(256 797)
Conditions still to be met	-	-

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

24,5 Municipal Infrastructure Grant (MIG)

Opening balance	5 831 948	26 438
Grants received	10 067 000	17 337 000
Paid back to National Treasury	(302 897)	-
Conditions met - Operating	(503 350)	(569 500)
Conditions met - Capital	(15 090 790)	(10 961 990)
Grant expenditure to be recovered	1 911	5 831 948

The grant was used to upgrade infrastructure in previously disadvantaged areas.

24,6 Housing Grants

Opening balance	4 635 379	224 939
Grants received	5 315 480	5 699 508
Conditions met - Operating	(5 027 350)	(1 289 068)
Conditions met - Capital	-	-
Grant expenditure to be recovered	4 923 509	4 635 379

Housing grants was utilised for the development of erven and the erection of top structures.

24,7 Other Grants

Opening balance	1 037 243	3 355 846
Grants received	7 382 372	7 431 679
Conditions met - Operating	(5 514 416)	(6 422 192)
Conditions met - Capital	(2 400 375)	(3 280 368)
Grants paid back to National Treasury	(98 625)	(47 722)
Conditions still to be met	408 198	1 037 243

24,8 Total Grants

Opening balance	11 504 569	3 899 258
Grants received	51 956 852	57 282 187
Grants paid back to National Treasury	(401 522)	(339 757)
Conditions met - Operating	(40 237 116)	(35 094 760)
Conditions met - Capital	(17 491 166)	(14 242 358)
Conditions still to be met/(Grant expenditure to be recovered)	5 331 618	11 504 569

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	5 281 617	11 504 569
Unpaid Conditional Government Grants and Receipts	-	-
	5 281 618	11 504 569

25 SERVICE CHARGES

Electricity	69 553 924	67 220 489
Water	13 659 640	14 686 139
Refuse removal	8 087 817	9 666 517
Sewerage and Sanitation Charges	13 430 206	16 319 281
	104 731 586	107 892 427
Less: Rebates	(15 092)	(7 473 226)
Total Service Charges	104 716 495	100 419 201

Rebates can be defined as any income that the municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

26 OPERATIONAL REVENUE

Commission	-	32 594
Staff Recoveries	83 366	74 254
Discounts and Early Settlements	28	20 387
Incidental Cash Surpluses	7 714	3 508
Merchandising, Jobbing and Contracts	118 041	2 500
Insurance Refund	62 971	47 857
Breakages and Losses Recovered	2 972	4 254
Administrative Handling Fees	-	24 741
Sale of Property	18 990	-
Total Other Income	294 081	210 096

27 SALES OF GOODS AND RENDERING OF SERVICES

Advertisements	24 836	5 110
Building Plan Approval	627 626	637 578
Building Plan Clause Levy	-	5 737
Camping Fees	830 724	767 718
Cemetery and Burial	56 273	72 043
Development Charges	443 416	-
Encroachment Fees	860	440
Exempted Parking	420	878
Legal Fees	339 660	-
Photocopies and Faxes	31 163	24 609
Removal of Restrictions	270 479	367 935
Sale of Goods	87 354	122 030
Streets/Street Markets (Informal Traders)	-	20 682
Valuation Services	189 199	190 094
	2 902 010	2 214 653

28 EMPLOYEE RELATED COSTS

Basic Salaries and Wages	48 914 222	47 517 395
Bonuses	4 134 517	4 014 563
Contribution to provision - Long Service Awards	301 688	478 697
Current service cost	-	228 395
Interest Cost	227 290	221 485
Actuarial Gains and Losses	74 398	28 817
Contribution to provision - Post Retirement Medical	(3 442 399)	1 595 790
Current service cost	-	1 720 242
Interest Cost	-	2 675 556
Actuarial Gains and Losses	(3 442 399)	(2 800 008)
Housing Allowances	439 481	416 672
Medical Aid Contributions	9 800 165	3 850 241
Motor Vehicle Allowance	3 969 148	3 055 235
Other benefits and allowances	3 181 044	2 500 450
Overtime	3 294 827	3 103 470
Payments in lieu of leave	693 891	2 054 815
Pension and UIF Contributions	9 628 205	7 668 287
Total Employee Related Costs	80 914 789	76 255 614

KEY MANAGEMENT PERSONNEL

Municipal Manager is appointed on a 5-year and all other Directors on a 7-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager - Mr C Africa (01/07/2017-02/08/2017)

Annual Remuneration	125 638	1 279 441
Performance Bonus	123 250	180 869
Car Allowance	8 192	90 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	1 623	17 313
Cell phone allowance	1 092	12 000
Total	259 795	1 579 623

Remuneration of the Municipal Manager - Mr AM Groenewald (01/11/2017-30/06/2018)

Annual Remuneration	739 684	-
Performance Bonus	-	-
Car Allowance	24 000	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	20 844	-
Cell phone allowance	9 400	-
Total	793 928	-

Remuneration of the Director Engineering Services - Mr F.P Erasmus

Annual Remuneration	768 106	758 423
Performance Bonus	88 126	-
Travelling Allowance	120 000	120 000
Rural allowance	76 811	72 532
Contributions to UIF, Medical, Pension Funds and Bargaining Council	85 284	39 745
Cell phone allowance	11 000	9 600
Total	1 149 328	1 000 301

Remuneration of the Director Community Services- KD Stuurman

Annual Remuneration	752 757	703 986
Performance Bonus	94 322	79 096
Travelling Allowance	100 104	100 104
Rural allowance	79 050	60 197
Contributions to UIF, Medical, Pension Funds and Bargaining Council	207 469	196 766
Cell phone allowance	11 000	9 600
Total	1 244 702	1 149 749

Remuneration of the Director Financial Services - Mr H Schlebusch

Annual Remuneration	860 669	853 507
Acting Allowance	83 552	-
Performance Bonus	146 722	138 417
Car Allowance	58 988	58 988
Contributions to UIF, Medical, Pension Funds and Bargaining Council	228 853	212 859
Cell phone allowance	11 000	9 600
Total	1 409 785	1 273 371

Remuneration of the Director Corporate Services - Mr D du Plessis

Annual Remuneration	916 300	826 647
Performance bonus	146 722	138 417
Car Allowance	48 000	78 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	175 798	157 089
Cell phone allowance	11 000	9 600
Total	1 297 820	1 209 734

29 REMUNERATION OF COUNCILLORS

Executive Mayor allowance	789 653	726 996
Deputy Executive Mayor allowance	640 603	587 506
Speaker allowance	640 603	523 821
Mayoral Committee Members allowances	1 218 012	1 045 501
Councillors allowances	1 665 351	1 495 485
Total Councillors' Remuneration	4 954 220	4 379 308

In-kind Benefits

The Executive Mayor and all the committee members are full-time councillors. The Mayor, Deputy Mayor and Speaker are provided with secretarial support and an office at the cost of the Council.

30 IMPAIRMENT LOSS (REVERSAL OF IMPAIRMENT LOSS) ON RECEIVABLES

Trade Receivables from non- exchange transactions	(2 758 819)	(1 095 786)
Trade Receivables from exchange transactions	(1 653 414)	(345 113)
Traffic Fines	34 844 710	20 696 314
Total Contribution to Debt Impairment	30 432 477	19 255 415

31 BAD DEBTS WRITTEN-OFF

Trade Receivables from non- exchange transactions	2 230 019	681 977
Trade Receivables from exchange transactions	2 109 197	2 681 725
Total	4 339 215	3 363 702

32 DEPRECIATION AND AMORTISATION

Property Plant and Equipment	6 695 518	6 522 412
Investment Property	81 172	78 811
Intangible Assets	62 806	73 277
Landfill Sites	634 241	2 462 191
Total	7 473 736	9 126 490

33 IMPAIRMENT LOSS/(REVERSAL OF IMPAIRMENT LOSS) ON FIXED ASSETS

Landfill Sites	-	-
Property Plant & Equipment	-	115 654
Investment Properties	-	124 518
Heritage Assets	-	-
Total	-	240 172

34 FINANCE CHARGES

Long-term Borrowings	4 008 605	4 099 496
Landfill Sites	2 627 161	2 077 648
Total finance charges	6 635 766	6 177 145

35 BULK PURCHASES

Electricity	51 602 061	50 442 322
Total Bulk Purchases	51 602 061	50 442 322

36 TRANSFERS AND SUBSIDIES

Swellendam Tourism	785 300	1 164 018
Lower Breede River Conservancy	-	320 000
Other	511 295	102 087
Total Grants and Subsidies	1 296 595	1 586 105

	2018 R	2017 R
37 OPERATIONAL COSTS		
Assets less than the Capitalisation Threshold	1 391	-
Advertising, Publicity and Marketing	287 205	301 457
Allen Vegetation Clearing	-	-
Bank Charges, Facility and Card Fees	886 871	834 714
Bargaining Council	-	19 107
Bursaries (Employees)	-	43 337
Cleaning Services	92 687	62 403
Commission	-	1 091 135
Communication	1 697 399	2 279 189
Courier and Delivery Services	-	6 714
Deeds	-	62 168
Entertainment	82 661	16 712
External Audit Fees	2 627 622	2 112 299
External Computer Service	498 506	903 266
Full Time Union Representative	62 122	40 445
Honoraria (Voluntarily Workers)	245	-
Hire Charges	938 782	875 665
Indigent Relief	60 000	94 223
Insurance Underwriting	801 501	507 756
Levies Paid - Water Resource Management Charges	165 879	-
Licences	6 698 064	284 560
Municipal Services	-	13 755
Printing, Publications and Books	33 950	37 504
Professional Bodies, Membership and Subscription	793 376	756 913
Registration Fees	1 182 112	238 792
Remuneration to Ward Committees	41 865	68 900
Servitudes and Land Surveys	27 126	-
Transport Provided as Part of Departmental Activities	-	14 200
Travel and Subsistence	544 662	647 967
Uniform and Protective Clothing	67 082	55 302
Wet Fuel	-	2 367 999
Workmen's Compensation Fund	472 553	422 533
Total Operational Costs	18 063 662	14 159 015

38 CONTRACTED SERVICES		
Consultants and Professional Services	2 814 771	5 425 188
Contractors	6 680 811	9 647 050
Outsourced Services	4 208 135	3 723 169
	13 703 717	18 795 407

39 CORRECTION OF ERRORS IN TERMS OF GRAP 3		
Prior year adjustments due to non-compliance with accounting policy and errors		
39.1 (i)	With the annual asset register control measure process, assets have been found which were not previously recognised. These assets are now for the first time recognised at fair value with the following entries: (Dt) Property, Plant and Equipment - cost R3 378 875 (Cr) Accumulated Depreciation R681 318 - PPE (Cr) Accumulated Surplus - prior years R2 796 646 (Dt) Accumulated Surplus - current year (depreciation) R79 089.	
(ii)	With the the review of the property list to the deeds dump and the insurance register the following corrections were made to the investment property. These errors are now rectified retrospectively in terms of GRAP 3 with the following entries: (Dt) Investment property - Cost R570 794,24 (Cr) Accumulated Surplus - prior years - R570 794,24 (Cr) Accumulated depreciation Investment properties R5 676,10 (Dt) Accumulated Surplus - prior years - R5 045,61 and (Dt) Accumulated Surplus - current year R630,49.	
(iii)	With the assets verification process it were noted that seven software MS Office 2013 packages was omitted from the intangible asset register and this was correct retrospectively with the following entries. (Dt) Intangible assets: Cost R14 490 (Cr) Accumulated surplus prior years R14 490, (Dt) Accumulated surplus prior years R4 951, (Dt) Accumulated surplus - current year R1 488,01 (Cr) Intangible assets: Accumulated amortisation R6 399,01.	
(iv)	The Cash and Cash Equivalents for the previous years, outstanding EFT and Cheque payments were incorrectly included, which must be included as Trade and other Payables. This error is now rectified with the following entries: (Dt Cash and Cash Equivalents) 2016 -R123 996,12 2017 - R9 063 481,99, and (Cr) Trade and other Payables 2016 - R9 123 996,12, 2017 R9 063 481,99.	

The above note 39.1 representing the narratives of the following Corrections of Errors as set out from notes 39.2 to 39.6

39.2 Accumulated Surplus	2017 R	2016 R
Balance previously reported	243 654 214	228 880 571
Correction of error - (see note 39.1.(i))	2 875 735	2 796 646
Correction of error - (see note 39.1.(ii))	565 119	565 749
Correction of error - (see note 39.1.(iii))	8 091	9 539
Restated balance 30 June 2017	247 103 163	232 252 505
39.3 Property Plant and Equipment		
Balance previously reported	275 204 067	267 126 742
Correction of error - (see note 39.1.(i)) cost	3 378 875	3 378 875
Correction of error - (see note 39.1.(i)) depreciation	(661 318)	(582 229)
Restated balance 30 June 2017	277 921 626	269 923 388
	R	R

39,4	Investment Property		
	Balance previously reported	24 646 207	25 031 691
	Correction of error - (see note 39.1.(ii)) cost	570 794	570 794
	Correction of error - (see note 39.1.(ii)) depreciation	(5 676)	(5 046)
	Restated balance 30 June 2017	25 211 325	25 597 440
39,5	Intangible Assets		
	Balance previously reported	R 416 894	R 477 519
	Correction of error - (see note 39.1.(iii)) cost	14 490	14 490
	Correction of error - (see note 39.1.(iii)) depreciation	(6 399)	(4 951)
	Restated balance 30 June 2017	424 985	487 058
39,6	Cash and Cash Equivalents		
	Balance previously reported	51 727 503	36 433 634
	Correction of error - (see note 39.1.(iv))	9 063 482	9 123 996
	Restated balance 30 June 2017	60 790 985	45 557 630
39,7	Trade and other Payables from Exchange transactions		
	Balance previously reported	13 086 907	12 652 454
	Correction of error - (see note 39.1.(iv))	9 063 482	9 123 996
	Restated balance 30 June 2017	22 150 389	21 776 450
39,8	Statement of Performance		
	Balance previously reported	R 14 789 023	R
	Correction of error - (see note 39.1.(i))	(79 089)	
	Correction of error - (see note 39.1.(ii))	(630)	
	Correction of error - (see note 39.1.(iii))	(1 448)	
		(81 168)	
	Effect on Depreciation and Amortisation	(81 168)	
	Total	14 707 856	

RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the financial statements. The reclassification of 2017 audited amounts can be summarised as follows:

40			
40,01	RE-CLASSIFICATIONS-STATEMENT OF FINANCIAL PERFORMANCE	Now reported 2017 R	Previously reported 2017 R
	REVENUE		
	Revenue from Non-exchange Transactions		
	Taxation Revenue		
	Property taxes	32 603 168	32 603 168
	Transfer Revenue		
	Government Grants and Subsidies - Capital	14 242 358	14 242 358
	Government Grants and Subsidies - Operating	35 030 460	35 094 759
	Public Contributions and Donations	64 299	-
	Other Revenue		
	Actuarial Gains	-	2 800 008
	Fines, Penalties and Forfeits	33 592 861	-
	Fines	-	33 047 932
	Interest Earned - non exchange transactions	151 348	-
	Revenue from Exchange Transactions		
	Service Charges	100 419 201	100 363 529
	Rental from Fixed Assets	618 849	-
	Rental of Facilities and Equipment	-	1 386 567
	Interest Earned - external investments	3 535 777	3 535 777
	Interest Earned - outstanding receivables	1 577 165	1 728 511
	Licences and Permits	939 185	939 863
	Agency Services	1 663 701	1 663 701
	Other Income	-	2 256 753
	Operational Revenue	210 096	-
	Sales of Goods and Rendering of Services	2 214 653	-
	Contributed Assets	-	85 810
	Contributed Property, Plant and Equipment	85 810	-
	Stock Adjustments	-	8 081
	Gain on disposal of Property, Plant and Equipment	-	1 037 865
	Total Revenue	226 948 727	230 794 681

EXPENDITURE		
Employee related costs	76 255 614	75 139 670
Remuneration of Councillors	4 379 308	4 379 308
Debt Impairment	-	19 255 415
Bad debts written-off	3 363 702	3 363 702
Depreciation and Amortisation	9 045 324	9 045 324
Impairments/Write-offs	-	240 172
Inventory Consumed	9 175 423	-
Interest, Dividends and Rent on Land	-	-
Repairs and Maintenance	(1)	12 736 838
Actuarial losses	-	28 817
Finance Charges	6 177 145	9 145 271
Bulk Purchases	50 442 322	50 442 322
Contracted Services	18 795 407	-
Grants and Subsidies	-	1 484 018
Operating Leases	329 022	-
Operational Costs	14 159 015	-
Transfers and Subsidies	1 586 105	-
General Expenses	-	30 743 223
Loss on disposal of Property, Plant and Equipment	-	1 676
Total Expenditure	193 708 385	216 005 657
Operating Surplus	33 240 342	14 789 024
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	8 081	-
Impairment Loss/(Reversal of Impairment Loss) on Receivables	(19 255 415)	-
(Impairment Loss)/Reversal of Impairment Loss on Fixed Assets	(240 172)	-
Gains/(Loss) on Sale of Fixed Assets	1 036 189	-
	-	-
NET SURPLUS/(DEFICIT) FOR THE YEAR	14 789 024	14 789 024

40,02	Government Grants and Subsidies - Operating	
	Balance previously reported	35 094 759
	Transfer to Public Contributions and Donations	(64 299)
	Restated balance 30/06/2017	35 030 460
40,03	Public Contributions and Donations	
	Balance previously reported	-
	Transfer from Government Grants and Subsidies-operating	64 299
	Restated balance 30/06/2017	64 299
40,04	Fines	
	Balance previously reported	33 047 932
	Transfer to Fines, Penalties and Forfeits	(33 047 932)
	Restated balance 30/06/2017	-
40,05	Fines, Penalties and Forfeits	
	Balance previously reported	-
	Transfer from Fines	33 047 932
	Transfer from Other Income	544 729
	Restated balance 30/06/2017	33 592 661
40,06	Interest Earned - outstanding receivables	
	Balance previously reported	1 728 511
	Transfer to Interest Earned-non exchange transactions	(151 346)
	Restated balance 30/06/2017	1 577 165
40,07	Interest Earned - non exchange transactions	
	Balance previously reported	-
	Transfer from Interest Earned - outstanding receivables	151 346
	Restated balance 30/06/2017	151 346
40,08	Service Charges	
	Balance previously reported	100 363 529
	Transfer from Other Income	55 671
	Restated balance 30/06/2017	100 419 201
40,09	Rental from Fixed Assets	
	Balance previously reported	-
	Transfer from Rental of Facilities and Equipment	618 849
	Restated balance 30/06/2017	618 849
40,10	Rental of Facilities and Equipment	
	Balance previously reported	1 386 567
	Transfer to Sale of Goods and Rendering of Services	(767 718)
	Transfer to Rental from Fixed Assets	(618 849)
	Restated balance 30/06/2017	-
40,11	Licences and Permits	
	Balance previously reported	939 863
	Transfer to Sale of Goods and Rendering of Services	(678)
	Restated balance 30/06/2017	939 185
40,12	Other Income	
	Balance previously reported	2 256 753
	Transfer to Fines, Penalties and Forfeits	(544 729)
	Transfer to Operational Revenue	(210 095)
	Transfer to Service Charges	(55 671)
	Transfer to Sales of Goods and Rendering of Services	(1 446 257)
	Restated balance 30/06/2017	-
	Balance previously reported	
	Building Plans	637 578
	Development Contribution	63 871
	Hawkers Fees	20 682
	Rezoning	367 935
	Other	1 166 688
	Restated balance 30/06/2017	2 256 753

40,13 Operational Revenue

Balance previously reported	-
Transfer from Other Revenue	210 096
Restated balance 30/06/2017	210 096
Reported now	
Commission	32 584
Staff Recoveries	74 254
Discounts and Early Settlements	20 387
Incidental Cash Surpluses	3 508
Merchandising, Jobbing and Contracts	2 500
Insurance Refund	47 857
Breakages and Losses Recovered	4 254
Administrative Handling Fees	24 741
	210 096

40,14 Sales of Goods and Rendering of Services

Balance previously reported	-
Transfer from Licences and Permits	678
Transfer from Rental of Facilities and Equipment	787 718
Transfer from Other Income	1 446 257
Restated balance 30/06/2017	2 214 653

40,15 Contributed Assets

Balance previously reported	85 810
Transfer to Contributed Property, Plant and Equipment	(85 810)
Restated balance 30/06/2017	-

40,16 Contributed Property, Plant and Equipment

Balance previously reported	85 810
Transfer to (Impairment Loss) Reversal of Impairment Loss on fix assets	85 810
Restated balance 30/08/2017	-

40,17 Stock Adjustments

Balance previously reported	8 081
Transfer to Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	(8 081)
Restated balance 30/06/2017	-

40,18 Gain on disposal of Property, Plant and Equipment

Balance previously reported	1 037 865
Transfer to Gains/(Loss) on Sale of Fixed Assets	(1 037 865)
Restated balance 30/06/2017	-

40,19 Loss on disposal of Property, Plant and Equipment

Balance previously reported	1 676
Transfer to Gains/(Loss) on Sale of Fixed Assets	(1 676)
Restated balance 30/08/2017	-

40,20 Gains/(Loss) on Sale of Fixed Assets

Balance previously reported	-
Transfer from Gain on disposal of Property, Plant and Equipment	1 037 865
Transfer from Loss on disposal of Property, Plant and Equipment	(1 676)
Restated balance 30/06/2017	1 036 189

40,21	Actuarial Gains	
	Balance previously reported	2 800 008
	Transfer to Employee Related Costs	(2 800 008)
	Restated balance 30/06/2017	-
40,22	Employee related costs	
	Balance previously reported	75 139 570
	Transfer from General Expenses	899 228
	Transfer from Repairs and Maintenance	19 880
	Transfer from Actuarial Gains	(2 800 008)
	Transfer from Actuarial Losses	28 817
	Transfer from Finance Charges	2 968 127
	Restated balance 30/06/2017	76 255 614
	Previously reported	
	Employee related costs - Salaries and Wages	46 598 287
	Employee related costs - Contributions for UIF, pensions and medical aids	11 518 528
	Travel, motor car, accommodation, subsistence and other allowances	5 230 657
	Housing benefits and allowances	416 672
	Overtime Payments	3 103 470
	Long Service Awards	157 309
	Post Retirement Medical	1 720 242
	Performance bonuses	806 568
	Standby	325 027
	Bonus	3 207 995
	Staff Leave	2 054 815
		75 139 570
	Reporting now	
	Basic Salaries and Wages	47 517 395
	Bonuses	4 014 563
	Contribution to provision - Long Service Awards	478 697
	Current service cost	228 395
	Interest Cost	221 485
	Actuarial Losses	28 817
	Contribution to provision - Post Retirement Medical	1 595 790
	Current service cost	1 720 242
	Interest Cost	2 675 556
	Actuarial Gains	(2 800 008)
	Housing Allowances	416 672
	Medical Aid Contributions	3 850 241
	Motor Vehicle Allowance	3 055 235
	Other benefits and allowances	2 500 450
	Overtime	3 103 470
	Payments in lieu of leave	2 054 815
	Pension and UIF Contributions	7 668 287
		76 255 614
40,23	Debt Impairment	
	Balance previously reported	19 255 415
	Transfer to Impairment Loss/(Reversal of Impairment Loss) on Receivables	(19 255 415)
	Restated balance 30/06/2017	-
40,24	Impairment Loss/(Reversal of Impairment Loss) on Receivables	
	Balance previously reported	-
	Transfer from Debt Impairment	(19 255 415)
	Restated balance 30/06/2017	(19 255 415)
40,25	General Expenses	
	Balance previously reported	30 743 223
	Transfer to Contracted Services	(11 510 983)
	Transfer to Employee Cost	(899 228)
	Transfer to Inventory Consumed	(3 742 888)
	Transfers and Subsidies	(102 088)
	Transfer to Operational Costs	(14 159 014)
	Transfer to Operating Leases	(329 022)
	Restated balance 30/06/2017	-
	Previously reported	
	Accounting Support	2 360 602
	Advertising	284 281
	Audit Fees	2 165 763
	Agency Fees	2 929 780
	Bank Charges	711 472
	Bargaining Council Levy	19 107
	Community Development Fund	50 000
	Contingency Fund	66 852
	Contractor Fees	2 969 705
	Collaborator	351 600
	Donations	65 000
	Entertainment	155 219
	EPWP projects	56 518
	Financial Management Support	236 842
	Fruitless and Wasteful Expenditure	124 264
	Fuel	45 034
	GIS Licence	91 900
	Ignite Maintenance	321 354
	Insurance	500 085
	Laboratory Services	228 651

Legal Fees	512 634
Laundry Services	62 163
Licences	143 385
Machinery Hire	795 302
Material & Stock	1 781 978
Meter Replacements	32 759
New Connections	52 833
Pest Control	16 919
Postage	720 329
Plot Cleansing	56 980
Refuse bags	485 527
Rentals	269 489
Risk Management	109 744
Security	631 337
Special Projects	739 877
Special Projects-Housing	1 259 220
Stationery and Printing	667 195
Storm water drainage	559 157
Subscription Fees	751 633
Subsistence and Travel	605 326
Task Implementing	87 001
Telephone	1 515 771
Training	1 003 478
Valuation Cost	84 863
Vehicle running cost	2 947 361
Water Monitoring Fees	188 036
Ward Committees	4 244
Ward Projects	77 342
Water Research contribution	169 215
Workmen's Compensation	422 533
Other	235 762
Total General Expenses	30 743 223

40,26 Operational Costs

Balance previously reported	-
Transfer from General Expenses	14 159 014
Restated balance 30/06/2017	14 159 014

Reporting now

Advertising, Publicity and Marketing	301 457
Bank Charges, Facility and Card Fees	834 714
Bargaining Council	19 107
Bursaries (Employees)	43 337
Cleaning Services	62 403
Commission	1 091 135
Communication	2 279 189
Courier and Delivery Services	6 714
Deeds	62 168
Entertainment	16 712
External Audit Fees	2 112 299
External Computer Service	903 266
Full Time Union Representative	40 445
Hire Charges	875 685
Indigent Relief	94 223
Insurance Underwriting	507 758
Licences	284 560
Municipal Services	13 755
Printing, Publications and Books	37 504
Professional Bodies, Membership and Subscription	756 913
Registration Fees	238 792
Remuneration to Ward Committees	68 900
Transport Provided as Part of Departmental Activities	14 200
Travel and Subsistence	647 967
Uniform and Protective Clothing	55 302
Wet Fuel	2 367 999
Workmen's Compensation Fund	422 533

Total Operational Cost 30 June 2017	14 159 014
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40,27 Actuarial losses

Balance previously reported	28 817
Transfer to Employee Related Costs	(28 817)
Restated balance 30/06/2017	-

40,28 Finance Charges

Balance previously reported	9 145 271
Transfer to Employee Related Costs	(2 968 127)
Restated balance 30/06/2017	6 177 145

40,29 Contracted Services

Balance previously reported	-
Transfer from General Expenses	11 510 983
Transfer from Repairs and Maintenance	7 284 424
Restated balance 30/06/2017	18 795 407

40,30 Inventory Consumed

Balance previously reported	-
Transfer from General Expenses	3 742 888
Transfer from Repairs and Maintenance	5 432 535
Restated balance 30/06/2017	9 175 423

40,31 Repairs and Maintenance

Balance previously reported	12 736 838
Transfer to Employee Cost	(19 880)
Transfer to Inventory Consumed	(5 432 535)
Transfer to Contracted Services	(7 284 424)
Restated balance 30/06/2017	-

40,32 Grants and Subsidies

Balance previously reported	1 484 018
Transfer to Transfers and Subsidies	(1 484 018)
Restated balance 30/06/2017	-

40,33 Transfers and Subsidies

Balance previously reported	-
Transfer from Grants and Subsidies	1 484 018
Transfer from General Expenditure	102 087
Restated balance 30/06/2017	1 586 105

40,34 Operating Leases

Balance previously reported	-
Transfer from General Expenditure	329 022
Restated balance 30/06/2017	329 022

40,35 Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value			
Balance previously reported		-	
Transfer from Stock Adjustments		8 081	
Restated balance 30/06/2017		<u>8 081</u>	
40,36 Impairments/Write-offs			
Balance previously reported		240 172	
Transfer from (Impairment Loss)/Reversal of Impairment Loss on Fixed Assets		(240 172)	
Restated balance 30/06/2017		<u>-</u>	
40,37 (Impairment Loss)/Reversal of Impairment Loss on Fixed Assets			
Balance previously reported		-	
Transfer from Impairments/Write-offs		(240 172)	
Restated balance 30/06/2017		<u>(240 172)</u>	
RE-CLASSIFICATIONS-STATEMENT OF FINANCIAL POSITION			
40,38 Payables from Exchange Transactions			
Balance previously reported		13 597 765	
Transfer to Consumer Deposits		(514 111)	
Transfer to Receivables from exchange transactions		3 253	
Transfer to Trade and Other Payables from exchange transactions		(13 086 907)	
Restated balance 30/06/2017		<u>-</u>	
40,39 Trade and Other Payables from exchange transactions			
Balance previously reported		-	
Transfer from Payables from Exchange Transactions		13 086 907	
Restated balance 30/06/2017		<u>13 086 907</u>	
40,40 Receivables from exchange transactions			
Balance previously reported		8 369 575	
Transfer from Receivables from non-exchange transactions		154 715	
Transfer from Payables from Exchange Transactions		3 253	
Restated balance 30/06/2017		<u>8 527 542</u>	
40,41 Receivables from non-exchange transactions			
Balance previously reported		16 520 523	
Transfer to Receivables from exchange transactions		(154 715)	
Restated balance 30/06/2017		<u>16 365 808</u>	
40,42 Consumer Deposits			
Balance previously reported		1 487 147	
Transfer from Payables from Exchange Transactions		514 111	
Restated balance 30/06/2017		<u>2 001 258</u>	
		2018	2017
		R	R
41 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS			
Surplus/(Deficit) for the year		9 314 065	14 707 856
<u>Adjustments for:</u>			
Depreciation		7 410 931	9 053 214
Amortisation of Intangible Assets		62 806	73 277
Contributed Property, Plant and Equipment		(31 456)	(85 810)
Gains/(Loss) on Sale of Fixed Assets		344 721	(1 036 189)
Impairment Loss/(Reversal of Impairment Loss) on Receivables		30 432 477	19 255 415
Bad debts written off		4 339 215	3 363 702
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		1 066 198	(8 081)
Contribution to current employee benefits		827 284	1 992 610
Contribution from/to employee benefits		1 725 136	3 781 755
Contribution to Landfill site		2 976 894	2 077 648
Actuarial Gains/losses		-	(2 771 181)
(Impairment Loss)/Reversal of Impairment Loss on Fixed Assets		-	240 172
Grants Received		51 555 330	56 942 430
Grant Expenditure		(57 778 282)	(49 337 118)
Operating lease income accrued		467	6 105
Operating Surplus/(Deficit) before changes in working capital		52 245 806	58 255 795
Changes in working capital		(26 328 573)	(26 758 597)
Increase/(Decrease) in Trade and Other Payables from Exchange Transactions		1 393 921	884 796
Increase/(Decrease) in Taxes		169 671	(284 221)
(Increase)/Decrease in Inventory		(410 282)	(218 894)
(Increase)/Decrease in Trade and other receivables		(27 481 883)	(27 140 278)
Cash generated/(absorbed) by operations		25 917 233	31 497 198

42 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Call Investments Deposits - Note 22	-	-
Cash Floats - Note 22	6 171	6 171
Bank - Note 22	65 389 809	60 784 814
Total cash and cash equivalents	65 395 980	60 790 985

43 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - Note 42	65 395 980	60 790 985
Less:		
Unspent Committed Conditional Grants - Note 10	(5 281 617)	(11 504 569)
Unpaid Government Grants	-	-
VAT - Note 12	1 623 569	1 793 239
Capital Replacement Fund	(10 000 000)	(10 000 000)
Resources available for other and working capital requirements	51 737 933	41 079 656

44 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Borrowings - Note 3	35 017 803	35 509 647
Used to finance property, plant and equipment - at cost	(35 017 803)	(35 509 647)
Cash set aside for the repayment of long-term liabilities	-	-
Cash Invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

45 BUDGET COMPARISONS

	2018 R (Actual)	2018 R (Budget)	2018 R (Variance)	2018 (%)
45,1 Operational				
Revenue by source				
Property taxes	35 122 006	35 171 500	(49 494)	-0,14%
Government Grants and Subsidies - Capital	17 491 166	19 773 000	(2 281 834)	-11,54%
Government Grants and Subsidies - Operating	40 287 116	43 117 865	(2 830 549)	-6,56%
Fines, Penalties and Forfeits	37 583 124	27 982 000	9 601 124	34,31%
Interest Earned - non exchange transactions	257 768	242 000	15 768	6,52%
Service Charges	104 716 495	104 361 960	354 535	0,34%
Rental from Fixed Assets	672 730	328 610	344 120	104,72%
Interest Earned - external investments	4 183 787	3 700 000	483 787	13,08%
Interest Earned - outstanding receivables	993 650	932 635	61 015	6,54%
Licences and Permits	1 269 872	911 090	358 782	39,38%
Agency Services	1 854 081	1 600 000	254 081	15,88%
Operational Revenue	294 081	293 475	606	0,21%
Sales of Goods and Rendering of Services	2 902 010	2 521 954	380 056	15,07%
Contributed Property, Plant and Equipment	31 456	-	31 456	100,00%
	247 659 340	240 935 889	6 723 451	2,79%
Expenditure by nature				
Employee related costs	80 914 789	89 395 932	(8 481 143)	-9,49%
Remuneration of Councillors	4 954 221	4 969 664	(15 443)	-0,31%
Bad debts written-off	4 339 215	4 550 512	(211 297)	-4,64%
Depreciation and Amortisation	7 473 737	10 290 185	(2 816 448)	-27,37%
Inventory Consumed	17 469 790	19 258 550	(1 788 760)	-9,29%
Finance Charges	6 635 766	4 600 000	2 035 766	44,26%
Bulk Purchases	51 602 061	53 410 743	(1 808 682)	-3,39%
Contracted Services	13 703 717	15 630 729	(1 927 012)	-12,33%
Operating Leases	48 305	53 500	(5 195)	-9,71%
Operational Costs	18 063 662	19 698 868	(1 635 006)	-8,30%
Transfers and Subsidies	1 296 595	1 732 900	(436 305)	-25,18%
	206 501 859	223 591 383	(17 089 524)	7,64%
Operating Surplus	41 157 481	17 344 506	23 812 975	137,29%
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	(1 066 198)	-	(1 066 198)	100,00%
Impairment Loss/(Reversal of Impairment Loss) on Receivables	(30 432 477)	(20 000 200)	(10 432 277)	52,16%
(Impairment Loss)/Reversal of Impairment Loss on Fixed Assets	-	-	-	0,00%
Gains/(Loss) on Sale of Fixed Assets	(344 721)	500 000	(844 721)	-166,94%
NET SURPLUS/(DEFICIT) FOR THE YEAR	9 314 085	(2 155 694)	11 469 779	-532,07%

	2018 R (Actual)	2018 R (Budget)	2018 R (Variance)	2018 (%)
45,2 Expenditure by Vote				
Corporate Services	32 728 799	33 254 463	(525 664)	-2%
Municipal Manager	4 201 160	5 836 517	(1 635 357)	-28%
Community Services	76 191 494	66 206 914	9 984 580	15%
Engineers Service	111 286 565	120 674 324	(9 387 759)	-8%
Finance Service	25 172 000	30 748 500	(5 576 500)	-18%
	<u>249 580 019</u>	<u>256 720 718</u>	<u>(7 140 699)</u>	<u>-3%</u>
Less Internal Services	<u>(12 990 404,22)</u>	<u>(13 129 135)</u>	<u>3 311 022</u>	
	<u>236 589 615</u>	<u>243 591 583</u>	<u>(3 829 677)</u>	
	2018 R (Actual)	2018 R (Budget)	2018 R (Variance)	2018 (%)
45,3 Capital expenditure by vote				
Corporate Services	49 012	49 012	(0)	0%
Municipal Manager	-	-	-	0%
Community Services	6 374 951	9 208 563	(2 833 612)	-31%
Engineers Service	13 666 267	13 771 014	(104 747)	-1%
Finance Service	741 286	744 075	(2 789)	0%
	<u>20 831 516</u>	<u>23 772 664</u>	<u>(2 941 148)</u>	<u>-12%</u>
46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED			2018 R	2017 R
46,1 Unauthorised expenditure				
Reconciliation of unauthorised expenditure:				
Opening balance			1 095 656	1 095 656
Unauthorised expenditure current year - capital			-	-
Unauthorised expenditure current year - operating			9 984 580	-
Written off by Council			(1 095 656)	-
Transfer to receivables for recovery			-	-
Unauthorised expenditure awaiting authorisation			<u>9 984 580</u>	<u>1 095 656</u>
Incident	Disciplinary steps/criminal proceedings			
Unauthorised Expenditure	To be investigated		9 984 580	1 095 656
			<u>9 984 580</u>	<u>1 095 656</u>

46,2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	-	2 304
Fruitless and wasteful expenditure current year	-	124 264
Written off by council	-	(126 568)
Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting further action	-	-

Incident	Disciplinary steps/criminal proceedings		
Changes to bank details	Written off	-	124 264
Assets insured which are previously written off	Written off	-	2 304
		-	126 568

46,3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	85 165	-
Irregular expenditure current year	1 498 233	119 047
Irregular expenditure previous financial years (2014/2015, 2015/2016 and 2016/2017)	3 153 637	-
Investigated and written off by Council	(221 865)	(33 882)
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting further action	4 515 170	85 165

Irregular expenditure awaiting condonement from National Treasury

Incident	Disciplinary steps/criminal proceedings		
Appointment of Town and Country Land Solutions	Written off	41 705	-
Voltex	Written off	-	85 165
Geo Debt-non compliance with SCM regulations (2017/2018 financial year)	In Process	1 361 533	0
Geo Debt-non compliance with SCM regulations (2014/2015, 2015/2016 and 2016/2017 financial years)	In Process	3 153 637	-
T Sedgewick Holdings (Pty) LTD-non compliance with SCM	Written off	94 995	-
		4 651 870	85 165

46,4 Material Losses

Water distribution losses

- Kilo litres disinfected/purified/purchased	1 530 641	1 719 003
- Kilo litres lost during distribution	348 953	400 357
- Percentage lost during distribution	22,67%	23%

Electricity distribution losses

- Units purchased (Kwh)	56 834 607	55 466 538
- Units lost during distribution (Kwh)	5 493 016	5 519 609
- Percentage lost during distribution	9,66%	9,95%

2018
R

2017
R

47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

47,1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS

Opening balance	-	-
Council subscriptions	811 050	751 633
Amount paid - current year	(811 050)	(751 633)
Amount paid - previous years	-	-
Balance unpaid (In dispute)	-	-

	2018 R	2017 R
47,2 Audit fees - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year audit fee	2 694 535	2 165 763
External Audit - Auditor-General Audit Committee	2 627 822 66 913	2 112 299 53 464
Amount paid - current year	(2 694 535)	(2 165 763)
Amount paid - previous year	-	-
Balance unpaid (Included in creditors)	-	-

47,3 VAT - [MFMA 125 (1)(b)]		
VAT balance at year end - Refer to note 12	1 623 569	1 793 239
Closing balance - Receivable	1 623 569	1 793 239

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

47,4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	11 654 566	10 425 447
Amount paid - current year	(11 654 566)	(10 425 447)
Balance unpaid (Included in creditors)	-	-

47,5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	20 956 234	18 717 839
Amount paid - current year	(20 956 234)	(18 717 839)
Balance unpaid (Included in creditors)	-	-

47,6 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]	
No Councillors had arrear accounts for more than 90 days as 30 June 2017	

47,7 Deviations from Supply Chain Management Regulations

Non-compliance summary

SCM regulation	Description		
36(1)(a)(i)	Emergency/Urgent	197 903	88 990
36(1)(a)(ii)	Sole Supplier	246 181	73 381
36(1)(a)(v)	Impracticable/ Impossible	3 395 846	4 216 855
36(1)(b)	Minor breaches	15 011	13 552
		3 854 942	4 392 778

Department:

Corporate Services	233 314	161 107
Community Services	144 271	181 833
Engineers Service	3 160 279	3 841 031
Municipal Manager	17 400	35 548
Finance Service	299 677	173 259
	3 854 942	4 392 778

Per Quarter	< R30 000	>R30 000 <R200 000	>R200 000		
1	160 259	532 470	-	692 729	1 280 707
2	111 134	402 206	-	513 340	688 618
3	190 209	106 972	-	297 181	427 564
4	216 788	1 137 410	997 494	2 351 692	1 995 889
Total	678 390	2 179 058	997 494	3 854 942	4 392 778

47,8 Awards above R2 000 to spouses, child, parent of a person in service of the state (Section 45 of the Supply Management Policy).

Company	Name	Relation		
Heins Auto Elektrics	J.de Jager	Brother	100 081	73 748
Lebazi Brothers	Clr Lebazi	Aunt	10 454	238 486
Fabricsius Trekkers	L. Baransky	Father	2 761	-
Komanzi	JN. Du Toit	Husband	415 821	634 870
Eldrid and Sons Trading	Clr du Plessis	Brother	-	5 535
			529 117	952 638

47,9 Other non-compliance (MFMA 125(2)(e))

Creditors payments were not made within 30 days as required by the MFMA.

CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

2018
R2017
R

15 376 076

16 797 414

Total commitments consist out of the following:

Contract/Tender

Upgrading of Suurbraak Bulk Water Supply Scheme-Phase 1

SMT31/17/18

6 323 605

-

Upgrading Water Treatment Works-Suurbraak

T02/12-13WTW02

1 487 125

2 466 573

Upgrading Waste Water Treatment Works-Suurbraak

T02/12-13WTW02

370 521

1 139 798

Upgrading of Main Intake Substation

SMT34/17/18

95 409

-

Provision of Professional Services: Barrydale Bulk Water Reservoir

SMT14/15/18

1 661 451

2 008 902

Upgrading of gravel roads and Stormwater Infrastructure in Ralliton(Phase 2)

SMT13/15/18

393 966

-

Upgrading of gravel roads and Stormwater Infrastructure in Ralliton(Phase 2)

SMT17/17/18

2 962 280

-

Clubhouse & Required Upgrading at the Ralliton Sports Grounds, Swellendam

SMT33/16/17

-

4 009 079

Clubhouse & Required Upgrading at the Ralliton Sports Grounds, Swellendam

SMT02/12/13/SF

-

284 130

Upgrading of Barrydale Bulkwater Supply

SMT23/16/17

-

6 888 932

Supply,Installation of 11 Kv Switchgear- Bethel Substation

SMT25/17/18

1 746 276

Construction of additions to Traffic Office -Swellendam

SMT23/17/18

335 445

15 376 076

16 797 414

This expenditure will be financed from:

Own Funds

335 445

-

Government Grants

15 040 631

16 797 414

15 376 076

16 797 414

VAT is included in the amounts

2018
R

2017
R

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1% Increase in interest rates	(150 236)	(145 689)
0.5% Decrease in interest rates	75 118	72 944

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles.

All rates and services are payable within 30 days from invoice date. Refer to note 19 and 20 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 19 and 20 for balances included in receivables that were re-negotiated for the period under review.

Balances past due not impaired:

	2018 %	2018 R	2017 %	2017 R
Non-Exchange Receivables				
Rates	0,57%	40 304	0,96%	137 248
Other debtors	5,31%	374 127	2,60%	372 378
Traffic Fines	94,11%	6 624 676	96,44%	13 812 622
	100,00%	7 039 107	100,00%	14 322 248
Exchange Receivables				
Electricity	0%	-	0%	-
Water	33%	292 747	30%	228 339
Refuse	25%	219 418	26%	197 482
Sewerage	42%	370 263	40%	300 768
Other	0%	-	4%	26 567
	100,00%	882 428	100%	753 156

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 19 and 20 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime borrowing rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2018 %	2018 R	2017 %	2017 R
<u>Non-Exchange Receivables</u>				
Rates	10,20%	4 817 913	11%	6 471 327
Traffic Fines	89,80%	42 409 574	89%	52 001 819
	100,00%	47 227 486	100%	58 473 146
<u>Exchange Receivables</u>				
Electricity	15,38%	1 927 705	17%	2 594 839
Water	23,19%	2 906 813	24%	3 725 026
Refuse	17,25%	2 161 609	17%	2 617 493
Sewerage	28,02%	3 512 082	28%	4 327 619
Other	16,16%	2 026 076	16%	2 441 959
	100,00%	12 534 295	100,00%	15 706 935

	2018 %	2018 R	2017 %	2017 R
Bad debts written off per debtor class:				
<u>Non-Exchange Receivables</u>				
Rates	51,39%	2 230 019	20%	681 978
<u>Exchange Receivables</u>				
Electricity	3,38%	146 775	8,12%	273 151
Water	14,71%	638 401	13,32%	448 182
Refuse	11,52%	499 719	12,59%	423 494
Sewerage	17,09%	741 526	19,60%	659 200
Other	1,91%	82 775	26,09%	577 698
	100,00%	4 339 215	100,00%	3 363 702

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

	2018 R	2017 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	8 129 003	8 527 543
Receivables from non-exchange transactions	9 474 539	16 365 808
Cash and Cash Equivalents	65 395 980	60 790 985
	<u>82 999 522</u>	<u>85 684 336</u>

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2018	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Long Term liabilities - Annuity Loans	5 558 339	21 860 988	16 314 786	10 217 861
Capital repayments	2 144 036	11 503 001	9 825 792	8 408 434
Interest	3 414 303	10 377 988	6 488 994	1 809 426
Long Term liabilities - Hire Purchases	588 175	1 132 350	-	-
Capital repayments	441 009	1 011 676	-	-
Interest	125 166	120 674	-	-
Long Term liabilities - Hire Purchases	639 618	1 315 330	-	-
Capital repayments	493 267	1 191 075	-	-
Interest	146 351	124 255	-	-
Provisions - Landfill Sites	18 832 468	21 773 650	-	10 065 563
Capital repayments	17 764 068	17 237 412	-	2 826 926
Interest	1 068 399	4 536 238	-	7 438 637
Trade and Other Payables	18 856 849	-	-	-
Unspent conditional government grants and receipts	5 281 617	-	-	-
	49 735 065	46 102 319	16 314 786	20 283 424
2017	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Long Term liabilities - Annuity Loans	5 625 724	22 065 636	22 113 181	10 213 579
Capital repayments	2 027 391	10 011 084	13 675 578	8 405 489
Interest	3 598 333	12 054 552	8 437 603	1 808 110
Long Term liabilities - Finance Lease Liability	566 175	1 698 525	-	-
Capital repayments	402 694	1 452 685	-	-
Interest	163 481	245 840	-	-
Provisions - Landfill Sites	17 181 911	18 068 509	-	11 731 507
Capital repayments	16 133 250	15 930 269	-	2 587 994
Interest	1 048 661	2 138 240	-	9 143 513
Trade and Other Payables	18 561 657	-	-	-
Unspent conditional government grants and receipts	11 504 569	-	-	-
	53 440 036	41 832 670	22 113 181	21 945 086
			2018 R	2017 R

50 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

50,1	Financial Assets	Classification		
	Receivables			
	Receivables from exchange transactions	Financial instruments at amortised cost	8 129 003	8 527 543
	Receivables from non-exchange transactions	Financial instruments at amortised cost	374 128	372 379
	Other Receivables			
	Government subsidies and grants	Financial instruments at amortised cost	-	-
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	-	-
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	65 389 809	60 784 814
	Cash Floats and Advances	Financial instruments at amortised cost	6 171	6 171
			73 899 112	69 690 907
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		73 899 112	69 690 907
	At amortised cost		73 899 112	69 690 907

FINANCIAL INSTRUMENTS (CONTINUE)

50,2	Financial Liability	Classification		
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	29 737 227	31 626 877
	Capitalised Lease Liability	Financial instruments at amortised cost	1 191 066	-
	Hire Purchases	Financial instruments at amortised cost	1 011 198	1 452 685
	Financial Leases			
	Payables from exchange transactions			
	Trade creditors	Financial instruments at amortised cost	18 856 849	18 561 657
	Accrued interest	Financial instruments at amortised cost	684 639	684 639
	Retentions	Financial instruments at amortised cost	755 925	1 181 375
	Other	Financial instruments at amortised cost	1 459 250	11 336
	Other Payables			
	Government Subsidies and Grants	Financial instruments at amortised cost	5 281 616	11 504 569
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	2 144 036	2 027 391
	Capitalised Lease Liability		493 267	-
	Hire Purchases	Financial instruments at amortised cost	441 009	402 694
			62 056 081	67 453 223
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		62 056 081	67 453 223
51	STATUTORY RECEIVABLES			
	In accordance with principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:			
	Taxes			
	Vat receivable		1 623 569	1 793 239
	Receivables from Non Exchange Transactions			
	Property rates		2 475 735	2 257 355
	Fines		6 624 676	13 812 622
52	EVENTS AFTER THE REPORTING DATE			
	None			
53	IN-KIND DONATIONS AND ASSISTANCE			
	The municipality did not receive any in-kind donations or assistance during the year under review.			
54	PRIVATE PUBLIC PARTNERSHIPS			
	Council has not entered into any private public partnerships during the financial year.			
55	CONTINGENT LIABILITIES			
	Guarantees held at First National Bank			
	- Eskom R2 000			
	- Department of Minerals and Energy, RSA R20 000			
	Swellendam Municipality vs M Steenkamp - Case Number 1826/2014			
	Defended litigation: Claim for wasted expenditure and counter claim for damages: Legal cost approximately R550 000			
56	RELATED PARTIES			
56,1	Related Party Loans			
	Since 1 July 2004 loans to councillors and senior management employees are not permitted.			
56,2	Compensation of key management personnel			
	The compensation of key management personnel is set out in note 26 to the Annual Financial Statements.			
56,3	Compensation of Councillors			
	The compensation of Councillors is set out in note 29 to the Annual Financial Statements.			
56,4	Other related party transactions			
	The following purchases were made during the year where Councillors or staff have an interest:			
	See note 47.8			
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.			
	The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.			

The following transactions were made :

Key management

CM Africa
H Schlebusch
D Du Plessis

2018 Services and rates	2018 Outstanding Balance
12 937	1 070
15 198	1 222
17 268	1 415
<u>45 403</u>	<u>3 708</u>

Councillors

Lambrechts
Matthysen
Du Plessis
Koch
Jonker-du Plessis
Swart
Pokwas
Norije
Du Rand
Libazi

2018 Services and rates	2018 Outstanding Balance
23 393	14 967
11 187	13 925
5 255	467
42 274	3 988
266	22
4 793	1 124
12 333	1 084
22 956	2 169
10 080	752
6 033	-
<u>138 570</u>	<u>38 498</u>

APPENDIX A - Unaudited
SWELLENDAM LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2018

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2017	Correction of error	Restated Balance 30 June 2016	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2018
ANNUITY LOANS									
STREETS - DBSA	8,08%	61003251	2021	122 813	-	122 813	-	30 702	92 111
UPGRADING OF ELECTRICAL NETWORK-DBSA	8,53%	61003274	2021	473 673	-	473 673	-	105 280	368 413
INFRASTRUCTURE-DBSA	8,53%	61000017	2017	51 597	-	51 597	-	51 597	-
INFRASTRUCTURE- PHASE 2-DBSA	10,56%	61000149	2024	2 990 465	-	2 990 465	-	307 247	2 683 218
INFRASTRUCTURE- PHASE 3-DBSA	8,89%	61000371	2025	3 165 001	-	3 165 001	-	262 842	2 902 159
INFRASTRUCTURE-2007-DBSA	11,12%	61000744	2029	3 650 057	-	3 650 057	-	156 694	3 493 363
INFRASTRUCTURE-2008-DBSA	12,20%	61000846	2030	17 496 757	-	17 496 757	-	558 072	16 938 684
INFRASTRUCTURE -2015-ABSA	9,00%		2025	5 703 901	-	5 703 901	-	300 587	5 403 314
Total Annuity Loans				33 654 264	-	33 654 264	-	1 773 002	31 881 263
HIRE PURCHASES									
ABSA	8%		2021	1 855 380	-	1 855 380	-	403 173	1 452 206
Total Hire Purchases				1 855 380	-	1 855 380	-	403 173	1 452 206
FINANCIAL LEASES									
CENTRAFIN	10%			-	-	-	1 723 055	38 722	1 684 334
Total Finance Leases				-	-	-	1 723 055	38 722	1 684 334
TOTAL LONGTERM LIABILITIES				35 509 644	-	35 509 644	1 723 055	2 214 897	35 017 803

APPENDIX B - Unaudited
SWELLENDAM LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018
MUNICIPAL SUB VOTES CLASSIFICATION

2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R		2018 Budgeted Income	2018 Actual Income R	2018 Budgeted Expenditure	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R
637 578	17 288	620 290	BUILDING CONTROL	548 470	627 626	53 516	26 490	601 136
-	-	-	BUDGET AND TREASURY OFFICE	-	-	1 526 597	822 153	(822 153)
815 826	1 169 431	(353 605)	CARAVAN PARK	1 023 097	1 233 211	1 802 411	2 092 754	(859 543)
46 727	80 256	(33 530)	CEMETERIES	54 000	56 273	115 705	102 591	(46 318)
113 197	184 280	(81 082)	COMMONAGE	1 375	780	338 028	281 909	(261 129)
1 396 870	5 910 208	(4 513 338)	COMMUNITY SERVICES	236 023	237 013	3 631 732	2 985 550	(2 748 537)
270 825	8 457 752	(8 186 927)	CORPORATE SERVICES	863 428	978 655	7 645 098	4 023 910	(3 045 255)
60 615 008	19 101 098	41 513 910	COUNCIL GENERAL	27 054 839	26 295 916	21 667 402	25 800 709	495 207
7 685	2 617 262	(2 609 577)	ELECTRICITY ADMIN	372 500	48 238	3 219 859	2 972 034	(2 923 796)
68 947 544	56 387 216	12 560 328	ELECTRICITY NETWORK	77 205 027	78 184 326	63 781 535	60 328 071	17 856 255
13 245 577	6 983 658	6 261 919	ENGINEERS SERVICES	17 255 653	17 898 973	7 102 703	6 353 050	11 345 923
7 987 904	21 316 940	(13 329 037)	FINANCIAL SERVICES	44 998 347	45 541 817	19 982 514	16 330 466	29 211 351
104 209	689 347	(585 138)	HALLS	70 000	90 203	911 480	789 697	(699 494)
-	-	-	HOUSING	9 931 379	5 027 350	7 089 768	6 587 387	(1 560 037)
-	-	-	HUMAN RESOURCES	-	-	3 031 924	2 787 564	(2 787 564)
-	-	-	INFORMATION TECHNOLOGY	-	-	2 470 412	2 227 494	(2 227 494)
-	-	-	INTERNAL AUDIT	126 239	126 239	1 291 384	951 126	(824 887)
78 097	78 657	(560)	IDP	-	-	305 200	288 889	(288 889)
323 127	365 966	(42 839)	IRRIGATION WATER	272 642	198 857	701 512	586 341	(387 484)
5 688 902	4 362 597	1 336 305	LIBRARY	4 727 000	4 677 709	5 284 391	4 722 168	(44 458)
-	-	-	LICENSING	-	-	4 882 344	4 642 692	(4 642 692)
55 545	41 169	14 376	LOCAL ECONOMIC DEVELOPMENT	-	-	12 807	12 530	(12 530)
-	-	-	MAIN ROADS	50 000	50 000	62 500	49 263	737
-	5 350 613	(5 350 613)	MUNICIPAL MANAGER	351 031	82 956	4 288 891	3 054 611	(2 971 655)
-	332 338	(332 338)	OFFICE BUILDINGS	211 978	211 978	584 840	495 337	(283 359)
-	6 237 961	(6 237 961)	PARKS	-	-	7 750 065	7 175 733	(7 175 733)
11 427	3 795	7 633	POUND	4 000	5 773	8 086	3 627	2 146
7 936 601	10 619 507	(2 682 906)	REFUSE	8 204 943	8 185 665	9 704 405	6 131 148	2 054 517
155 952	20 497	135 455	RENTED BUILDINGS	14 000	13 853	45 111	34 930	(21 077)
-	633 416	(633 416)	SEWERAGE ADMINISTRATION	13 777 797	13 759 778	5 053 050	3 528 994	10 230 784
12 462 754	2 924 619	9 538 135	SEWERAGE NETWORK	-	-	-	-	-
-	3 571 894	(3 571 894)	SEWERAGE PURIFICATION	500 182	428 905	7 896 561	7 304 460	(6 875 555)
4 242	211 785	(207 543)	SPORTS AND RECREATIONS	3 210	2 400	327 493	258 215	(255 815)
-	19 398	(19 398)	STORES	115 517	115 517	570 925	547 559	(432 042)
1 000	1 095 137	(1 094 137)	STORMWATER	28 000	28 408	5 008 607	4 713 276	(4 684 867)
-	1 646 989	(1 646 989)	STREET LIGHTS	-	-	1 848 234	1 645 041	(1 645 041)
6 871	11 142 074	(11 135 203)	STREETS	32 000	32 783	11 477 581	10 847 433	(10 814 650)
-	-	-	SUPPLY CHAIN MANAGEMENT	-	-	1 874 744	1 850 359	(1 850 359)
305 253	549 058	(243 805)	THUSONG MULTIPURPOSE CENTER	235 400	565 494	523 938	496 937	68 557
236 013	1 605 146	(1 369 133)	TOURISM	-	-	1 184 508	810 200	(810 200)
368 545	2 433 070	(2 064 525)	TOWN PLANNING	176 337	270 479	3 550 419	2 615 780	(2 345 301)
35 627 730	30 017 999	5 609 731	TRAFFIC AND LICENSING	30 441 090	40 571 437	24 175 096	40 202 996	368 440
-	1 174	(1 174)	WATER DAMS	345 364	483 576	255 242	225 511	258 065
13 319 293	3 454 934	9 864 360	WATER NETWORK	14 988 792	12 991 080	5 981 636	4 672 725	8 318 355
6 298	5 598 449	(5 592 151)	WATER PURIFICATION	345 364	415 558	6 561 549	6 531 481	(6 115 923)
-	218 369	(218 369)	WATER WORKS	-	-	-	-	-
-	617 399	(617 399)	WORKSHOP FLEET	-	-	1 138 915	1 033 550	(1 033 550)
230 786 600	216 078 743	14 707 856	TOTAL	254 565 024	259 238 825	256 720 718	249 924 740	9 314 085
			INTERNAL CHARGES	(13 129 135)	(12 990 404)	(13 129 135)	(12 990 404)	-

APPENDIX C - Unaudited
SWELLENDAM LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R		2016 Budgeted Income	2018 Actual Income R	2016 Budgeted Expenditure	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R
8 367 787	12 760 898	(4 393 111)	COMMUNITY AND SOCIAL SERVICES	6 345 520	6 859 902	12 269 657	11 189 697	(4 329 795)
68 955 229	60 651 467	8 303 762	ELECTRICITY	77 577 527	78 232 564	67 001 394	63 300 105	14 932 469
60 615 008	24 451 711	36 163 298	EXECUTIVE AND COUNCIL	27 405 870	26 378 872	25 956 293	28 855 320	(2 476 448)
8 527 878	30 958 604	(22 430 726)	FINANCE AND ADMINISTRATION	46 204 645	46 862 601	39 209 108	30 415 232	16 447 369
-	-	-	HOUSING	9 931 379	5 027 350	7 089 768	6 587 387	(1 560 037)
-	-	-	INTERNAL AUDIT	126 239	126 239	1 291 384	951 126	(824 887)
236 013	1 605 146	(1 369 133)	OTHER	-	-	6 066 852	5 452 892	(5 452 892)
1 139 765	2 570 184	(1 430 419)	PLANNING AND DEVELOPMENT	724 807	898 105	3 921 942	2 943 689	(2 045 584)
48 881 605	48 147 525	744 080	ROAD TRANSPORT	47 782 743	58 358 965	44 674 200	59 101 410	(742 444)
4 242	6 449 746	(6 445 504)	SPORT AND RECREATION	3 210	2 400	8 077 558	7 433 948	(7 431 548)
7 936 601	10 619 507	(2 682 906)	WASTE MANAGEMENT	8 204 943	8 185 665	9 704 405	6 131 148	2 054 517
12 463 754	8 225 066	4 238 688	WASTE WATER MANAGEMENT	14 305 979	14 217 091	17 958 218	15 546 729	(1 329 639)
13 648 718	9 638 891	4 009 827	WATER MANAGEMENT	15 952 162	14 089 071	13 499 939	12 016 057	2 073 014
230 786 600	216 078 743	14 707 856	Total	254 565 024	259 238 825	256 720 718	249 924 740	9 314 085
			INTERNAL CHARGES	(13 129 135)	(12 990 404)	(13 129 135)	(12 990 404)	-
				241 435 889	246 248 421	243 591 583	236 934 336	9 314 085

APPENDIX D - Unaudited
SWELLENDAM LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2017	Correction of error	Balance 1 JULY 2017	Grants Received	Grants Re-paid and transferred	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2018
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	R	R	R	R		R	R	R
<u>National Government Grants</u>								
Equitable Share	-	-	-	26 201 000	-	26 201 000	-	-
Local Government Financial Management Grant	-	-	-	1 700 000	-	1 700 000	-	-
Municipal Infrastructure Grant	5 831 948	-	5 831 948	10 067 000	302 897	503 350	15 090 790	1 911
EPWP	-	-	-	1 291 000	-	1 291 000	-	-
INEG	318 329	-	318 329	2 000 000	-	-	2 317 963	368
Total National Government Grants	6 150 277	-	6 150 277	41 259 000	302 897	29 695 350	17 408 753	2 277
<u>Provincial Government Grants</u>								
Social Plan Fund	8 847	-	8 847	-	-	-	-	8 847
Economic Development Plan	12 000	-	12 000	-	-	-	-	12 000
Multi Purpose Sentrum	12 810	-	12 810	-	-	-	-	12 810
Library Services-conditional grant	-	-	-	-	-	-	-	-
Emergency Housing - Malaga's	5 422	-	5 422	-	-	-	-	5 422
Human Settlement Development Grant	4 635 379	-	4 635 379	5 315 480	-	5 027 350	-	4 923 509
Municipal Replacement Fund	-	-	-	4 675 000	-	4 622 981	-	52 039
Seta	254 877	-	254 877	141 372	-	368 913	-	27 336
Financial Management Support Grant	-	-	-	330 000	-	330 000	-	-
Prov IDP Grant	61 904	-	61 904	-	61 904	-	-	-
Municipal Infrastructure Support Grant	21 566	-	21 566	-	21 566	-	-	-
Internship Grant	45 031	-	45 031	66 000	-	39 866	-	71 165
Thusong Service Centre Grant	15 155	-	15 155	-	15 155	-	-	-
Municipal Infrastructure support	-	-	-	-	-	-	-	-
Main Road Subsidy	4 630	-	4 630	50 000	-	50 000	-	4 630
Capacity Building Grant	-	-	-	120 000	-	43 090	-	76 910
Total Provincial Government Grants	5 077 621	-	5 077 621	10 697 852	98 625	10 482 180	-	5 194 688
<u>Other Grant Providers</u>								
Vegetable Project - Barrydale	81 723	-	81 723	-	-	-	-	81 723
Masebanbane Projects	2 950	-	2 950	-	-	-	-	2 950
Wesgro	191 999	-	191 999	-	-	109 587	82 412	-
Total Other Grant Providers	276 672	-	276 672	-	-	109 587	82 412	84 673
Total	11 504 569	-	11 504 570	51 956 852	401 522	40 287 116	17 491 166	5 281 617

Annexure B

Report of the Auditor General

Report of the auditor-general to Western Cape Provincial Parliament and council on Swellendam Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Swellendam Municipality set out on pages 3 to 87, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Swellendam Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (DoRA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

7. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2017 were restated as a result of an errors in the financial statements of the municipality at, and for the year ended, 30 June 2018.
8. As disclosed in note 40 to the financial statements, the corresponding figures for 30 June 2017 were restated as a result of municipal standard chart of accounts (mSCOA) reclassifications in the financial statements of the municipality at, and for the year ended, 30 June 2018.

Material impairments

9. As disclosed in note 19 to the annual financial statements, the municipality provided for the impairment of receivables from exchange transactions amounting to R12,5 million (2016-17: 15,7 million).
10. As disclosed in note 20 to the financial statements, the municipality provided for the impairment of receivables from non-exchange transactions amounting to R47,2 million (2016-17: R58,5 million).

Underspending of operating expenditure budget

11. As disclosed in the statement of comparison of budget and actual amounts, the municipality materially underspent the operating expenditure budget by R6,0 million, which represents an underspending of 3%.

Underspending of capital budget

12. As disclosed in the statement of comparison of budget and actual amounts, the municipality materially underspent the capital asset budget by R4,7 million, which represents an underspending of 20%.

Other matters

13. I draw attention to the matters below. My opinion is not modified in respect of these matters

Unaudited supplementary schedules

14. The supplementary information set out on pages 88 to 91 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

Unaudited disclosure notes

15. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

16. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
17. In preparing the financial statements, the accounting officer is responsible for assessing the Swellendam Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the municipality or cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

18. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
19. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

20. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected strategic focus areas presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
21. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
22. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic focus areas presented in the annual performance report of the municipality for the year ended 30 June 2018:

Strategic focus areas	Pages in the annual performance report
Strategic objective 4: To enhance access to basic services and address maintenance backlogs	69 to 72

23. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
24. There were no findings in respect of the usefulness and reliability of the reported performance information for the following strategic focus areas:
 - Strategic objective 4: To enhance access to basic services and address maintenance backlogs

Other matters

25. I draw attention to the matters below.

Achievement of planned targets

26. Refer to the annual performance report on 69 to 72 for information on the achievement of planned targets for the year.

Adjustment of material misstatements

27. We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of *Strategic objective 4: To enhance access to basic services and address maintenance backlogs*. As management subsequently corrected the misstatements, we did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

28. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

29. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

30. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected strategic focus areas presented in the annual performance report that have been specifically reported on in the auditor's report.

31. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

32. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic focus areas presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

33. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

34. I have nothing to report in this regard.

Internal control deficiencies

35. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
36. I did not identify any significant deficiencies in internal control.

Auditor-general

Cape Town

30 November 2018



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected strategic focus areas and on the municipality’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Swellendam Municipality’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease continuing as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

Annexure C

Audit and Performance Audit

Committee Report



SWELLENDAM MUNICIPALITY
2017/2018 ANNUAL REPORT OF THE AUDIT- AND
PERFORMANCE AUDIT COMMITTEE (APAC)



We are pleased to present our Annual Report for Swellendam Municipality for the 2017/2018 financial year.

The Audit- and Performance Audit Committee (hereafter referred to as *the Committee*) wishes to congratulate the Swellendam Municipal Council and Administration on maintaining their "Clean Audit" Opinion from the Office of the Auditor General for the 2017/2018 Financial Year. This is truly a remarkable achievement for the municipality and it confirms the accuracy and transparency with which finances of the municipality have been handled and reported. The municipality received "Clean Audit" Opinions for four consecutive years now. This is due to effective leadership and the positive commitment of senior management and officials.

1. Introduction

Section 166 of the Municipal Finance Management Act No. 56 of 2003, requires every Municipality to establish and maintain an audit committee, as an independent appraisal function. Experience has shown that a properly constituted Audit Committee can make an effective and valuable contribution to the process by which an organization is directed and controlled.

The Committee is well established and functioning as required. An updated Committee Charter has also been developed and reviewed by the Committee during the period under review and was approved by the Council on 29 June 2017. All the members of the Audit Committee are also members of the Performance Audit Committee. The committee met 4 times during the 2017/2018 financial year.

2. APAC Members and Attendance:

Members	Capacity	Dates of Meetings attended
Dr. BP Jansen van Rensburg	Chairperson	7 September 2017 6 December 2017 20 February 2018 6 June 2018
Prof. PJ du Plessis	Member	7 September 2017 6 December 2017 20 February 2018 6 June 2018
Mr. SJ Adonis	Member	20 February 2018 6 June 2018
Mr. D Farenhem	Member	7 September 2017 6 December 2017 20 February 2018 6 June 2018

The abovementioned meetings were well attended by the Municipal Manager, Chief Financial Officer, Chief Audit Executive, Chief Risk Officer and the Municipal Directors.

3. Internal Control Systems

Internal control is the system of controls and directives that are designed to provide cost effective assurance that assets are safeguarded, that liabilities and working capital are efficiently managed and that the municipality fulfills its mandate, in compliance with all relevant statutory and governance duties and requirements. The committee has reviewed the Internal Audit Reports; the Auditor General's Audit Report; the Annual Financial Statements; and the Performance Report of the municipality. Based on these reports the committee believes that the significant internal controls are in place, however certain control deficiencies have been identified. The committee will monitor the progress made by Management towards the improvement of their internal control environment.

4. Risk Management/ Combined Assurance

The committee has reviewed the risk management processes implemented by management during the financial year, and is satisfied with the progress made with the implementation of risk management within the municipality. The Annual Risk Registers as well as the quarterly Risk Action Reports was submitted to the Committee during the period under review. The Chief Risk Officer of the Overberg District Risk Management Shared Services has a standing invitation to attend all committee meetings.

The responsibility for coordinating combined assurance resorts within the Overberg District Risk Management Shared Services. The 2017/2018 Combined Assurance Framework was reviewed and approved by Council on 29 June 2017. The committee also reviewed the Combined Assurance Status reports on a quarterly basis.

Based on the discussions and assurances obtained, the committee is satisfied with the progress towards full implementation of the Risk Management System of the municipality. The committee further believes that the high-risk areas of the organization are covered in the scope of internal and external audits.

5. Performance Management

In terms of Section 14(4) (a) of the Regulations the Performance Audit Committee has the responsibility to –

- i) review the quarterly reports produced and submitted by the internal audit process;*
- ii) review the municipality's performance management system and make recommendations in this regard to the council of the municipality; and*
- iii) at least twice during each financial year submit a performance audit report to the council of the municipality.*

The Committee is satisfied that the Swellendam municipality did utilize mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, including assessments of the functionality of the performance management system whether the system complied with the requirements of the MSA, and include assessments of the extent to which the performance measurements were reliable in measuring the performance of the municipality on key as well as general performance indicators.

The committee has also reviewed the 2017/18 Mid-Year Performance Assessment Report and the 2017/18 Annual Performance Report of the municipality, as well as the quarterly SDBIP Performance Reports submitted to it by the Internal Audit Office. Based on the discussions and assurances obtained, the committee notes the progress towards full implementation of the Performance Management System of the municipality.

6. Accounting/ Financial Information

The committee believes that the Chief Financial Officer (CFO) possess the appropriate qualifications and experience to perform his responsibilities effectively. The CFO is more than capable to lead the financial department of the municipality, as required by the MFMA. The committee also found the expertise and adequacy of resources of the finance function appropriate.

The committee evaluated the AFS of the Swellendam Municipality for the period 1 July 2017 to 30 June 2018, using various financial ratios and the High-Level Internal Audit Review, the APAC is in a position to give an authoritative and credible view of the financial position of the municipality, its effectiveness and efficiency, and its overall level of compliance with relevant legislation.

The committee's view is that in general the financial position of the municipality is relatively positive and no area is such that it needs serious attention and the municipality has also complied with the required audit procedures and applicable legislation.

The committee has also reviewed and discussed the Auditor General's Management Report and Final Audit Report with the Municipal Manager and Senior Management. The committee is further encouraged by a "Clean Audit" Opinion issued by the Auditor General on the financial statements for the year ended 30 June 2018. The municipality received "Clean Audit" Opinions for the previous three financial years (2014/2015; 2015/2016 & 2016/2017) as well. A "Clean Audit" can be classified as an Unqualified Audit Opinion with no significant findings on compliance with laws and regulations that govern financial matters or reporting on predetermined objectives. This conclusion is the highest level of assurance the Auditor General is able to provide as it confirms the accuracy and transparency with which finances of the municipality have been handled and reported.

The Committee is also satisfied with the independence and objectivity of the Auditor-General.

7. Internal Audit

The Swellendam Municipality has an in-house Internal Audit function. For the year under review, the Internal Audit function consisted of a Chief Audit Executive and an Internal Audit: Intern. Although the Intern resigned with effect from 31 October 2017. The capacity of the unit was strengthened with the appointment of a permanent Internal Auditor and Internal Audit Intern with effect from 1 March 2018.

The Internal Audit function is now fully established and functional. A number of audits have been completed during the year under review and these reports have been presented to the committee for discussion. The committee will monitor the progress on the implementation of the deficiencies identified by Internal Audit. The Internal Audit Department also managed to complete 100% of the 2017/2018 Risk-Based Internal Audit Plan.

The committee also expresses their appreciation to the Internal Audit Office for the work done, and is satisfied with the current operation of the activity. The committee believes that the Internal Audit function has been effective in carrying out its function in the municipality. The committee is also satisfied with the organizational independence of the Internal Audit Activity.

The Internal Audit Unit was also evaluated by the Chairperson; the Committee Members and Senior management during the year under review, and came to the conclusion that it operates effectively.

8. Information and Communication Technology (ICT)

ICT is a rapidly advancing discipline within the public sector, and management should allocate sufficient resources to the effective function of the ICT environment. It is noteworthy to mention that, various ICT related policy documents were developed and approved by Council during the year under review. The committee has also reviewed the ICT General Controls Review conducted by Internal Audit, and based on the review the committee believes that the significant internal controls are in place, however certain control deficiencies have been identified. The committee will monitor the progress made by Management towards the improvement of the ICT internal control environment.

9. Governance

The Internal Audit function conducted a detailed review on the practical implications of the formal adoption of the King IV Report. The committee is pleased that the Council decided to use the King IV: Supplement for Municipalities, as the Good Governance principles that guides the operations of the municipality. The committee is also pleased that all the governance structures within the municipality are in place and functional.

10. Compliance with Key Legislation

The Internal Audit function conducted various Compliance Reviews, on compliance with the MFMA; MSA and DORA. These reports were tabled and discussed by the committee. The committee is pleased that no material non-compliance with legislation have been found, however the committee will monitor the progress made by Management towards resolving the minor non-compliance issues raised by Internal Audit.

11. Quarterly Reporting to Council

The committee submits quarterly reports to the Municipal Council on the matters referred to in Section 166 (2) of the Municipal Finance Management Act. These reports are also accompanied with the detailed minutes of the committee meetings held per quarter.

The quarterly reports and minutes are also tabled to the Municipal Public Accounts Committee (MPAC) for discussion. A separate detailed committee report is also submitted to MPAC as part of the annual report oversight process.

12. Concerns & Recommendations

Committee wished to express its concern over the long-term financial sustainability of the municipality. The committee specifically highlighted the following concerns:

- Revenue vs. Expenditure: The continuous increase in the municipal expenditure, without a substantial increase in municipal revenue. The Chairperson also highlighted the issue of the indigent support increase.
- High Employee Costs: The Chairperson expressed its concern with the high employee costs. For the 2016/2017 financial year Employee costs as percentage of Total expenditure was 34,8%. APAC indicated that it will not be sustainable in the long term.
- High Vacancy rate: The Chairperson expressed its concern with the high vacancy rate. The instrument that is used to determine vacancies (especially on the organogram) within the Municipality. APAC indicated that it will not be sustainable in the long term as it will have a negative effect on the efficiency, productivity and service delivery of the Municipality. Municipality should conduct an investigation into the labour efficiency of the municipal work force.
- Growth and Development: The Chairperson recommended that the municipality should focus on marketing of the town for tourism purposes, to increase revenue flow.
- The Chairperson indicated that accountability should be enforced if needed.

The Chairperson strongly recommended that the abovementioned concerns of the APAC be clearly communicated to Council. Management must also investigate the concerns raised and make a recommendation to Council on how to address the issues.

The Municipal Manager indicated that the Management Team is aware of the issues raised by the Committee and provided a comprehensive response to the committee on all the issues raised. The committee was satisfied with the response of the Municipal Manager and is pleased that the matters are receiving management attention.

13. Conclusion

The committee is pleased with the continuous progress made by the Swellendam Municipality in improving the overall governance, internal control and risk management environment.

In light of the above, the committee recommends that the Audited Financial Statements, together with the Audit Report of the Auditor General be accepted by the Council of the Swellendam Municipality.

On behalf of the Audit and Performance Audit Committee



Dr. B.P. Jansen van Rensburg
APAC Chairperson
Date: 6 December 2018